Half-Year Report

at 30 June 2018

FIDIA GROUP

Board of Directors
6 September 2018

Fidia S.p.A.
Registered office in San Mauro Torinese, Corso Lombardia, 11
Capital paid in €5,123,000.00
Turin Register of Companies
Taxpayer's Code 05787820017
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Issue date: 6/09/2018
This Report is also available at:
www.fidia.com

ADMINISTRATIVE AND SUPERVISORY BODIES

Board of Directors

Chairman and Chief Executive Officer	Giuseppe Morfino (a)
Deputy Chairman	Carlos Maidagan (b)
Directors	Luigino Azzolin (c) (1)
	Anna Ferrero (c) (1) (2)
	Guido Giovando (c) (2)
	Paola Savarino (c) (1)
	Laura Morgagni (d) (2)

(a) Appointed Chairman at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019; appointed Managing Director by the Board of Directors on 28 April 2017 and General Manager by the Board of Directors on 14 July 2017.

(b) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019; appointed Deputy Chairman by the Board of Directors on 28 April 2017.

(c) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019.

(d) Appointed at the Shareholders' Meeting on 27 April 2018 up to the approval of the 2019 Financial Statements

(1) Member of the Internal Control and Risk Committee

(2) Member of the Remuneration Committee.

Board of Statutory Auditors (*)

Statutory Auditors	Maurizio Ferrero – Chairman
	Marcello Rabbia
	Marina Scandurra
Alternate Auditors	Andrea Giammello
	Chiara Olliveri Siccardi
	Roberto Panero

(*) Appointed at the Shareholders' Meeting on 28 April 2017 until the approval of the financial statements for FY2019.

Independent Auditors (**) EY S.p.A.

(**) Appointed at the Shareholders' Meeting on 27 April 2012 for the nine-year period 2012-2020.

POWERS OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER AND DEPUTY CHAIRMAN

Chairman of the Board of Directors and Chief Executive Officer: Mr. Giuseppe Morfino

He is the legal representative of the company with regard to third parties and courts of law, with separate signature, to exercise any and all, and the amplest powers of ordinary and extraordinary administration; he is entitled to appoint and revoke special attorneys for specific transactions, with the sole exclusion of the powers and rights expressly reserved to the Board of Directors, under the law or the company By-laws. The Board of the Directors retains the following powers:

- purchase, disposal and conferment of equity investments;
- disposal, conferment and/or lease of the company or any units thereof;
- purchase of companies or units of companies;
- purchase and/or disposal of real estate and/or tangible rights and/or rights of way thereto;
- registration of mortgages on corporate property;
- definition of company strategies relating to the purchase and sale of equity interests, company branches and real estate.

In his position of Chairman, he also vested with the capacity of "employer" as well as person in charge of the plants, emissions and wastes.

Deputy Chairman of the Board of Directors: Mr. Carlos Maidagan.

Organization of the FIDIA GROUP

FIDIA S.p.A.
Italia

FIDIA GmbH
Germania

100% Fidia S.p.A.

FIDIA S.a.r.l.
Francia

93.19% Fidia S.p.A.
6.81% Fidia GmbH

FIDIA IBERICA S.A.
Spagna

99,993% Fidia S.p.A
0,007% altri

FIDIA Co.
Stati Uniti

100% Fidia S.p.A.

FIDIA DO BRASIL Ltda
Brasile

99.75% Fidia S.p.A.
0.25% altri

Beijing Fidia M. & E. Co.
Cina

96% Fidia S.p.A.
4% Bamtri

Shenyang Fidia
NC & M Co. Ltd.
Cina

51% Fidia S.p.A.
49% Shenyang M.T. Co. Ltd.

OOO FIDIA
Russia

100% Fidia S.p.A.

INTERIM REPORT

SHAREHOLDERS AND TREND OF FIDIA STOCK

FIDIA S.p.A. is listed at the Italian Stock Exchange under the STAR - High Requirement Securities Segment - Index. The following chart shows share price performance from 1 January 2018 to 3 September 2018.

In the first half of 2018 the number of ordinary shares, equal to 5,123,000, was unchanged compared to 31 December 2017.

The holders of ordinary shares at 6 August 2018 were:

Giuseppe Morfino 2,815,516 shares equal to 54.96%;

Market 2,297,484 shares, equal to 44.84%;

Own shares 10,000, equal to 0.20%.

No categories of stock other than ordinary shares or bonds were issued.

ECONOMIC AND FINANCIAL PERFORMANCE OF THE GROUP

The first half of 2018 was characterised by revenues of €24,136 thousand, up (+39.3%) from the result recorded at the end of the first half of 2017 (€17,329 thousand).

Operating margins in the second quarter of the period improved significantly, though affected by the negative performance in the first quarter.

Sales performance, also in the second quarter, remained satisfactory, and overall in the first half of the year new orders were substantially in line with the performance recorded in the same period of 2017, totalling €24,233 thousand compared to €26,001 thousand in the first half of 2017 (-6.8%).

More specifically, the reclassified income statement of the first half of 2018 compared with that of the first half of 2017 is as follows:

(€thousand)	1st Half 2018	%	1st Half 2017	%
Net revenue	**24,136**	90.9%	17,329	76.7%
Change in inventories of finished goods and work in progress	1,336	5.0%	4,117	18.2%
Other revenues and income	1,086	4.1%	1,143	5.1%
Value of production	**26,558**	**100.0%**	**22,588**	**100.0%**
Raw materials and consumables	(10,887)	-41.0%	(8,547)	-37.8%
Commissions	(222)	-0.8%	(155)	-0.7%
Transport	(823)	-3.1%	(614)	-2.7%
Contractors	(1,289)	-4.9%	(1,241)	-5.5%
Other services and operating costs	(5,155)	-19.4%	(5,188)	-23.0%
Added value	**8,182**	**30.9%**	**6,844**	**30.3%**
Personnel costs	(8,877)	-33.4%	(9,001)	-39.8%
EBITDA	**(695)**	**-2.7%**	**(2,157)**	**-9.5%**
Bad debts provision	(172)	-0.6%	(99)	-0.4%
Depreciation	(563)	-2.1%	(425)	-1.9%
Operating profit from ordinary business	**(1,431)**	**-5.4%**	**(2,680)**	**-11.9%**
Non-recurring (expenses)/revenue	(595)	-2.2%	-	0.0%
EBIT	**(2,026)**	**-7.7%**	**(2,680)**	**-11.9%**
Net finance income and costs	(239)	-0.9%	(26)	-0.1%
Profit/(Loss) on exchange rates	(218)	-0.8%	146	0.6%
Earnings before tax (EBT)	**(2,483)**	**-9.4%**	**(2,560)**	**-11.3%**
Income taxes (current, paid and deferred)	100	0.4%	(212)	-0.9%
Net profit (loss) for the period	**(2,383)**	**-9.0%**	**(2,772)**	**-12.2%**
- (Profit)/Loss of non-controlling interests	(94)	-0.4%	(78)	-0.3%
- Profit/(Loss) of Group	**(2,289)**	**-8.7%**	**(2,694)**	**-11.9%**

ANALYSIS OF ECONOMIC TRENDS

Revenues

The first half of the period reported revenues of €24,136 thousand, up 39.3% YOY.

The trend is due to the mechanics segment (HSM) which recorded revenue of €16,690 thousand compared to €9,652 thousand of the first half of the previous year (+72.9%) and to the Service segment which reported positive results compared to the first half of 2017 with revenue at €6,136 thousand (2.5% compared to €5,986 thousand at 30 June 2017), while the electronics segment (CNC) stood at €1,310 thousand (-22.5% compared to €1,691 thousand at 30 June 2017).

The revenues trend per business line is shown in the table below:

(€thousand)	1st Half 2018	%	1st Half 2017	%	% Chg
Numerical controls, drives and software	1,310	5.4%	1,691	9.8%	-22.5%
High-speed milling systems	16,690	69.1%	9,652	55.7%	72.9%
After-sales service	6,136	25.4%	5,986	34.5%	2.5%
Grand total	**24,136**	**100%**	**17,329**	**100%**	**39.3%**

The revenues by geographical region is illustrated in the following tables:

(€thousand) **GEOGRAPHICAL AREA**	**TOTAL REVENUES 1st Half 2018**	**%**	**TOTAL REVENUES 1st Half 2017**	**%**	**% Chg**
ITALY	5,561	23.0%	1,639	9.5%	239.3%
EUROPE	5,576	23.1%	5,177	29.9%	7.7%
ASIA	7,710	31.9%	5,801	33.5%	32.9%
NORTH and SOUTH AMERICA	5,286	21.9%	4,540	26.2%	16.4%
REST OF THE WORLD	3	0.0%	172	1.0%	-98.3%
TOTAL	**24,136**	**100%**	**17,329**	**100%**	**39.3%**

Numerical Control and Software

The revenues of the electronic segment are down by 22.5% compared to the 1st half of 2017 at €1,310 thousand versus €1,691 thousand in the same period of last year.

High-Speed Milling Systems

Revenue from high-speed milling systems (HSM) grew sharply compared with that recorded the previous year, reaching a total value of €16,890 thousand compared to €9,652 thousand of the first half of 2017 (+72.9%)

After-sales service

Revenues of the Service segment, which comprise revenues from the after-sales service, from the sale of spare parts and from scheduled maintenance grew (2.5%) compared to the same period of last year, amounting to €6,136 thousand (€5,986 thousand at 30 June 2017).

Sales and marketing activity

Business in the first half was very positive; the following tables show the trend in the backlog orders and in the new orders in the two periods under consideration.

With reference to the Service segment the commercial data (new orders and order backlog) will not be shown because they almost match with the revenues as the time to fulfil the intervention requests is very short.

(€thousand)	**TOTAL** **30/6/2018**	**TOTAL** **30/6/2017**	**Chg.** **%**
Order backlog at 1/1	31,367	14,607	114.7%
New orders	**24,233**	**26,001**	**-6.8%**
Revenues	-18,000	-11,343	58.7%
Order backlog at 30/6	**37,601**	**29,265**	**28.5%**

Other revenues and income

Other revenues and earnings in the first half of 2018 were equal to €1,086 thousand (€1,143 thousand in the same period of 2017). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- the surplus of the provisions for warranty and bad debts compared to the risks to be covered (€251 thousand compared to €468 thousand at 30 June 2017);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€489 thousand versus €283 thousand at 30 June 2017), up as a result of the increased number of in-house projects under development;
- contingent assets and other sundry revenues (€170 thousand; €252 thousand in the same period of last year).
- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€167 thousand, €134 thousand at 30 June 2017);
- capital gains from disposals of tangible assets (€9 thousand versus €6 thousand at 30 June 2017).

Value of production

In the first half, the value of production (consisting of net revenues, changes in inventories of finished goods and WIP and other revenues and earnings) increased compared to the same period of 2017 (€26,558 thousand versus €22,588 thousand at 30 June 2017) due to increased revenue.

Commissions and transport

These items amounted in the first half to €1,045 thousand, up from €769 thousand in the same period of 2017 as a result of the increased volume of revenues, in addition to the changed geographical mix of sales.

Contractors

This item totalled €1,289 thousand in the first half, slightly up compared to €1,241 thousand in the same period of 2017, but is down in percentage terms on revenues (4.9% compared to 5.5% in the first half of 2017), considering their changed mix.

Other services and operating costs

This item amounts in the first half to €5,155 thousand and is down compared with the €5,188 thousand in the same period of 2017.

Added value

Added value increased in absolute terms (from €6,844 thousand at 30 June 2017 to €8,182 thousand at 30 June 2018), mainly due to higher revenues and as a percentage (30.9% compared with 30.3% in the same period of 2017) thanks to the low value of production achieved and the absorption of fixed costs (such as other operating costs).

Personnel

The following tables show the workforce average trend and cost of labour.

	1st Half 2018	1st Half 2017	Abs. change	% Chg
Executives	10	8	2	25.0%
Clerks and cadres	271	279	-8	-2.9%
Workers	53	51	2	3.9%
Total employees	334	338	-4	-1.2%
Total average number of employees in the first half	333.5	340.5	-7	-2.1%

	1st Half 2018	1st Half 2017	Abs. change	% Chg
Labour cost (€thousand)	8,877	9,001	-124	-1.38%

Personnel costs decreased by €124 thousand compared to the first half of 2017 (-1.38%), despite the inflation rate and in Italy to the second phase of renewal of the national collective labour agreement. The percentage of personnel costs compared with value of production decreased from 39.8% at 30 June 2017 to 33.4% at 30 June 2018 due to increased value of production realised.

EBITDA

EBITDA was negative at -€695 thousand (-€2,257 thousand at 30 June 2017). There was therefore a significant improvement in performance, due to the increase in revenues, which allowed for greater absorption of fixed overheads.

Operating profit from ordinary business

The operating result of ordinary operations at 30 June 2018 was negative, amounting to -€2,026 thousand, compared to a negative result of -€2,680 thousand at 30 June 2017.

This result was affected by the higher depreciation of fixed assets compared to the first half of 2017 (+€138 thousand), mainly related to the depreciation of the new building in Forlì, which began on 1 June 2017.

Non-recurring income and charges

In the first half of 2018 there were non-recurring charges of €595 thousand due to the loss recorded by the US subsidiary Fidia Co, which was the victim of an IT fraud.

Management immediately activated a coordinated set of measures aimed at recovering, even partially, the stolen sum, in collaboration with the competent law enforcement agencies at international level. At present, the company does not have sufficient evidence to assume the extent of the recovery of the liquidity subject to fraud and has therefore taken steps to record the related loss.

EBIT

EBIT at 30 June 2018 was negative at €2,026 thousand (at 30 June 2017 it was negative at €2,680 thousand).

Finance charges and revenue - Net exchange rate differences

Charges for financing activities worsened compared to the first half del 2017 (net charges of €239 thousand at 30 June 2018 versus €26 thousand of the same period of the previous year). Net differences in exchange rates, either realized or resulting from measurement in the financial statements, generated net charges of €218 thousand versus a net profit of €146 thousand at 30 June 2017 due mainly to the performance of the BRL.

Earnings before tax (EBT)

EBT resulted in a loss of €2,483 thousand versus a loss of €2,560 thousand at 30 June 2017.

Profit (loss) of Group

Group loss for the year after recovery of taxes of €100 thousand and after losses of NCIs (€94 thousand) amounted to €2,289 thousand versus a loss of €2,694 thousand in the first half of 2017.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group reclassified statement of financial position was as follows:

(€thousand)	**30/6/2018**	**31/12/2017**	**30/6/2017**
Net tangible assets	11,108	11,267	11,552
Intangible fixed assets	2,134	1,758	1,508
Non-current financial assets	16	16	16
Other financial assets	1,787	1,497	1,666
Capital assets – (A)	**15,045**	**14,538**	**14,743**
Net trade receivables from customers	13,979	14,339	8,895
Closing inventories	20,423	17,846	22,406
Other current assets	1,338	1,263	2,038
Short-term (current) assets – (B)	**35,739**	**33,448**	**33,339**
Trade payables to suppliers	(13,482)	(9,928)	(8,861)
Other current liabilities	(14,497)	(15,801)	(13,127)
Short-term (current) liabilities – (C)	**(27,979)**	**(25,729)**	**(21,988)**
Net working capital (D) = (B+C)	**7,760**	**7,719**	**11,351**
Termination benefits (E)	(2,223)	(2,292)	(2,282)
Other long-term liabilities (F)	(447)	(470)	(154)
Net invested capital (G) = (A+D+E+F)	**20,135**	**19,494**	**23,658**
Financial position			
Available-for-sale financial assets			
Cash on hand, bank deposits	(8,834)	(11,520)	(9,642)
Short-term loans	7,310	6,329	5,543
(Assets)/liabilities for current derivatives			(21)
Other current financial payables	-	-	-
Short-term financial position (receivable)/payable	**(1,524)**	**(5,171)**	**(4,120)**
Long-term loans, net of current portion	10,476	11,294	13,583
(Assets)/liabilities for long-term derivatives	75	66	20
Net financial position (receivable)/payable (H)	**9,026**	**6,170**	**9,483**
Share capital	5,123	5,123	5,123
Provisions	6,464	9,362	9,857
Net profit (loss) for the period	(2,289)	(3,066)	(2,694)
Total shareholders' equity of Group	**9,298**	**11,419**	**12,286**
Total equity of non-controlling interests	1,811	1,905	1,888
Total shareholders' equity (I)	**11,109**	**13,324**	**14,174**
Shareholders' equity and net financial position (L) = (H+I)	**20,135**	**19,494**	**23,658**

Net financial position

The trend in net financial position is shown below.

(€thousand)	30/6/2018	31/12/2017	30/6/2017
Financial position			
Available-for-sale financial assets	-	-	-
Cash on hand, bank deposits	(8,834)	(11,520)	(9,642)
Overdrawn bank accounts and short-term advances	2,082	247	510
Short-term loans	5,228	6,082	5,033
(Assets)/liabilities for current derivatives	-		(21)
Other current financial payables	-		-
Short-term financial position - (receivable)/payable	**(1,524)**	**(5,191)**	**(4,120)**
Long-term loans, net of current portion	10,476	11,294	13,583
(Assets)/liabilities for long-term derivatives	75	66	20
Net financial position - (receivable)/payable	**9,026**	**6,170**	**9,483**

The detail of assets and liabilities inside the net financial position follows in the table below:

(€thousand)	30/6/2018	31/12/2017	30/6/2017
Available-for-sale financial assets	**-**	**-**	**-**
Cash on hand, bank deposits			
Fidia S.p.A.	4,786	7,140	5,957
Fidia Co.	430	1,743	676
Fidia GmbH	761	524	572
Fidia Iberica S.A.	724	442	554
Fidia S.a.r.l.	127	402	510
Beijing Fidia Machinery & Electronics Co., Ltd	947	847	1,094
Fidia do Brasil Ltda.	452	165	158
Shenyang Fidia NC & M Co., Ltd	607	257	123
OOO Fidia			-
	8,834	**11,520**	**9,642**
Total cash and cash equivalents	**8,834**	**11,520**	**9,642**

(€thousand)	30/6/2018	31/12/2017	30/6/2017
Short-term loans and advances			
Fidia S.p.A.	(7,231)	(6,258)	(5,476)
Fidia GmbH	(60)	(59)	(53)
Fidia Iberica S.A.	(19)	(12)	(13)
	(7,310)	**(6,329)**	**(5,543)**
Assets/(liabilities) for current derivatives			
Fidia S.p.A.	-	-	21
	-	**-**	**21**
Other current financial payables			
Fidia S.p.A.	-	-	-
	-	**-**	**-**
Long-term loans, net of current portion			
Fidia S.p.A.	(10,385)	(11,238)	(13,548)
Fidia GmbH	(68)	(45)	(18)
Fidia Iberica S.A.	(23)	(11)	(17)
	(10,476)	**(11,294)**	**(13,583)**
Assets/(liabilities) for long-term derivatives			
Fidia S.p.A.	(75)	(66)	(20)
	(75)	**(66)**	**(20)**
Total financial payables	**(17,861)**	**(17,689)**	**(19,125)**

At 30 June 2018 the net financial position was negative at €9,026 thousand; the change from 31 December 2017 was negatively affected by the increase in working capital and specifically of inventory, in addition to a lower level of revenues and receipts due to normal delivery dynamics and to the cyclical nature of the business.

The following table contains a condensed statement of cash flows at 30 June 2018 showing the cash flows composing the net financial position.

SHORT CONSOLIDATED CASH FLOW STATEMENT

(€thousand)	1st Half 2018	Year 2017	1st Half 2017
A) Cash and cash equivalents at beginning of period	**11,273**	**8,440**	**8,440**
B) Cash from/(used in) operating activities	**(2,255)**	**5,973**	**592**
C) Cash from/(used in) investing activities	**(733)**	**(2,398)**	**(1,812)**
D) Cash from/(used in) financing activities	**(1,733)**	**369**	**2,682**
Currency translation differences	200	(1,111)	(770)
E) Net change in cash and cash equivalents	**(4,521)**	**2,833**	**691**
F) Cash and cash equivalents at end of period	**(6,752)**	**11,273**	**9,132**
Breakdown of cash and cash equivalents:			
Cash and cash equivalents	8,834	11,520	9,642
Overdrawn bank accounts	(2,082)	(247)	(510)
	6,752	**11,273**	**9,132**

ALTERNATIVE PERFORMANCE INDICATORS

In this report, in addition to the conventional IFRS financial indicators, a number of alternative performance indicators have been provided in order to allow for a better assessment of the economic and financial trends.

Said indicators, which are also found in the Directors' Report of other periodic reports, do not replace in any way whatsoever the mandatory IFRS indicators.

Below are the alternative performance indicators used by the Group, accompanied by an explanation that reflects their content and calculation basis:

- EBIT,
- EBITDA ("Earnings Before Interest, Taxes, depreciation, amortization and write-downs"), which is the sum of the EBIT as per the financial statements, the item "Depreciation/amortisation of fixed assets" and the item "Bad debts provision";
- EBT (Earnings before tax);
- Adjusted EBIT and EBT: these correspond to the same alternative performance indicators net of non-recurring items. At 30 June 2018 these indicators do not correspond to the same non-adjusted indicators as the non-recurring expense of €595 thousand is to be deducted.
- "Value of production", which is given by the algebraic addition of the items "Net revenues", "Other revenue", and "Changes in inventories of finished goods and work in progress".

For comments on the alternative performance indicators mentioned above, reference should be made to the paragraphs above.

The following table also shows the indicators of financial structure and financial and economic situation:

FINANCIAL RATIOS

INVESTMENT MIX RATIOS

RATIOS	30 June 2018		31 December 2017	
1) Weight of fixed assets				
Capital assets / Total assets	15,045 / 59,618	= 25.20%	14,538 / 59,505	= 24.40%
2) Weight of working capital				
Current assets / Total assets	44,573 / 59,618	= 74.80%	44,967 / 59,505	= 75.60%

LOAN MIX RATIOS

RATIOS	30 June 2018		31 December 2017	
1) Weight of current liabilities				
Current liabilities / Total liabilities (except net equity)	35,289 / 48,510	= 72.70%	32,058 / 46,181	= 69.42%
2) Weight of non-current liabilities				
Non-current liabilities / Total liabilities (except net equity)	13,220 / 48,510	= 27.30%	14,123 / 46,181	= 30.58%
3) Weight of own capital				
Own capital / Net invested capital	11,109 / 20,135	= 55.20%	13,324 / 19,494	= 68.40%

The analysis of the invested capital mix indicators shows a prevalence of short-term net assets in the total assets. This result is basically consistent with that of previous years.

The loans mix indicator shows:

- a prevalence of short-term loans, which is consistent with the level of investing activities;
- a reduction in the hedging of net invested capital with own capital, due to a worsening of net financial payables/receivables in the first half of 2018.

FINANCIAL POSITION RATIOS

LIQUIDITY RATIOS

INDICATOR	30 June 2018		31 December 2017	
Current assets / Current liabilities	44,573 / 35,289 =	1.26	44,967 / 32,058 =	1.40

CAPITAL ASSETS COVERAGE RATIO

INDICATOR	30 June 2018		31 December 2017	
Own capital / Capital assets	11,109 / 15,045 =	0.74	13,324 / 14,538 =	0.92

CASH RATIO

INDICATOR	30 June 2018		31 December 2017	
Short-term assets / Short-term liabilities	35,739 / 27,979 =	1.28	33,448 / 25,729 =	1.30

The analysis of the financial ratios shows a substantial balance between sources and releases in line with the previous fiscal year.

In particular, the liquidity ratio shows the Group's ability to meet short-term financial obligations, considering the prevalence of current assets over current liabilities.

The capital assets coverage ratio shows strong coverage of capital assets with own funds.

Finally, the cash ratio shows a short-term prevalence of current assets over current liabilities of the fiscal year.

ECONOMIC POSITION RATIOS

ROE

	30 June 2018		30 June 2017	
Net income pertaining to Group / Equity of Group	-2,289 / 9,298	= -24.60%	-2,694 / 12,286	= -21.90%

ROI

	30 June 2018		30 June 2017	
Operating income from ordinary business / Invested capital	-1,431 / 20,135	= -7.10%	-2,680 / 23,680	= -11.30%

ROS

	30 June 2018		30 June 2017	
Operating income from ordinary business / Sales	-1,431 / 24,136	= -5.90%	-2,680 / 17,329	= -15.50%

ROE, which measures the profitability of own funds is negative due to the loss accrued.

ROI, which measures profitability from operations, was negative given the operating loss registered by the Group in the first half of 2018.

ROS, which represents average operating income per unit of revenue; in this case as well, the operating profit affected the value of this ratio, which is negative.

SEGMENT REPORTING

Economic performance by business sector

The following table shows earning performance broken down by business segment. The data of the Group are presented with a breakdown into three segments (Numerical Controls - CNC -, High Speed Milling Systems - HSM -, and Service).

The last columns show those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and trade fairs incurred for all three business lines.

Inter-segment revenues consist of numerical controls, electrical control panels, drives and systems transferred from the electronics segment to the milling systems segment and of mechanical components and milling heads provided to the electronics segment for specific applications.

Progressive data at June (€thousand)	**CNC 2018**	**%**	**HSM 2018**	**%**	**SERVICE 2018**	**%**	**N/A 2018**	**TOTAL 2018**
Revenues	**1.310**	**57,5%**	**16.690**	**100,0%**	**6.136**	**100,0%**	**-**	**24.136**
Cross-sector revenues	967	*42,5%*		*0,0%*	-	*0,0%*		
Total reclassified revenues	**2.277**	**100,0%**	**16.690**	**100,0%**	**6.136**	**100,0%**		
Changes in inventories of finished goods and W.I.P.	79	3,5%	1.085	6,5%	171	2,8%	**-**	1.335
Raw materials and consumables	(733)	-32,2%	(9.298)	-55,7%	(790)	-12,9%	(66)	(10.887)
Cross-sector expenses	117	**5,1%**	(1.576)	**-9,4%**	453	**7,4%**	39	
Commissions, transport and contractors	(301)	-13,2%	(1.779)	-10,7%	(240)	-3,9%	(13)	(2.334)
Sales margin	**1.439**	63,2%	**5.122**	30,7%	**5.729**	93,4%	**(39)**	**12.251**
Other operating revenue	396	17,4%	332	2,0%	247	4,0%	112	1.086
Other operating costs	(211)	-9,3%	(1.329)	-8,0%	(1.227)	-20,0%	(2.984)	(5.750)
Personnel costs	(1.373)	-60,3%	(2.885)	-17,3%	(2.812)	-45,8%	(1.808)	(8.877)
Depreciation, amortization and writedowns	(77)	-3,4%	(322)	-1,9%	(140)	-2,3%	(196)	(735)
Operating profit/(loss)	**175**	**7,7%**	**919**	**5,5%**	**1.797**	**29,3%**	**(4.916)**	**(2.026)**

Progressive data at June (€thousand)	**CNC** **2017**	**%**	**HSM** **2017**	**%**	**SERVICE** **2017**	**%**	**N/A** **2017**	**TOTAL** **2017**
Revenues	**1.691**	**74,2%**	**9.652**	**57,8%**	**5.986**	**97,6%**	**-**	**17.329**
Cross-sector revenues	*470*	*21,8%*	*94*	*0,6%*	*-*	*0,0%*		
Total reclassified revenues	**2.161**	**94,9%**	**9.746**	**58,4%**	**5.986**	**97,6%**		
Changes in inventories of finished goods and W.I.P.	262	11,5%	3.832	23,0%	23	0,4%	**-**	4.117
Raw materials and consumables	(376)	-16,5%	(7.513)	-45,0%	(596)	-9,7%	(62)	(8.547)
Cross-sector expenses	132	**5,8%**	(1.065)	**-6,4%**	356	**5,8%**	14	
Commissions, transport and contractors	(299)	-13,1%	(1.452)	-8,7%	(248)	-4,0%	(11)	(2.010)
Sales margin	**1.880**	82,6%	**3.548**	21,3%	**5.521**	90,0%	**(59)**	**10.888**
Other operating revenue	296	13,0%	513	3,1%	147	2,4%	187	1.143
Other operating costs	(206)	-9,0%	(1.200)	-7,2%	(1.282)	-20,9%	(2.499)	(5.188)
Personnel costs	(1.387)	-60,9%	(2.937)	-17,6%	(2.756)	-44,9%	(1.921)	(9.001)
Depreciation, amortization and writedowns	(68)	-3,0%	(181)	-1,1%	(86)	-1,4%	(188)	(523)
Operating profit/(loss)	**515**	**22,6%**	**(257)**	**-1,5%**	**1.544**	**25,2%**	**(4.480)**	**(2.680)**

RESEARCH & DEVELOPMENT

R&D activities have always been one of the strengths of the Group and received substantial investment over the years. A team of 38 people, also supported by specialized consultants, is currently dedicated to R&D activities.

The costs incurred by the Group in the first half of 2018 amounted to about €1.2 million, equal to about 4.9% of revenues (€1.1 million in the first half of 2017), and were recorded mainly by the parent Fidia S.p.A.

Since the R&D activities are mainly carried out with internal resources, a substantial portion of the costs (about €1.1 million) is represented by personnel expenses.

The costs capitalized amounted to approximately €476 thousand (€270 thousand in the first half of 2017)

Through its R&D activities, the Group pursues the objective of constantly adapting its products to the needs of its customers, of always being at the forefront of technological innovation in the reference product sector and of enhancing its knowledge not only in order to protect market sectors that are considered driving forces and have greater potential, but also with the objective of opening up new areas. Investment in R&D in recent years has enabled the Group to strengthen its presence in the aerospace sector and to receive orders for machinery for the processing of components for the energy industry and of innovative materials (e.g., carbon fibre and titanium), as well as of non-ferrous materials (e.g. clay, used for modelling cars). Research covers both business lines of the Group.

In the **numerical controls and drives** sectors, the main R&D activities that characterized activities during the first half of 2018 were:

- Green Electric Drives novel structures for high performance drives - From the last quarter of 2015 and for three years Fidia will be funding a scholarship commemorating for a PhD at the Polytechnic of Turin (PhD in Electrical, Electronics and Communications Engineering) titled: *Green Electric Drives novel structures for high performance drives*. The activity of the doctorate program will be followed by both academic and company tutors to ensure that the solutions developed can have a genuine impact on the future Xpower™ digital drive lines. The new XP100-75-D1 twin-axis drive model, which will be on the market from the end of 2018, as well as the corresponding single-axis version, are the main results of this collaboration. This scholarship was funded in honour of the late Mr. Mario Vesco, Technical Director of the Numerical Control Division until his untimely death on 18 March 2015.
- **ViMill® – Look-ahead Virtual Milling** – The development of new releases is underway with additional functions that increasingly respond to customers' needs to interface and integrate ViMill within production process management systems. In particular, the development of a version of ViMill dedicated to the protection of machine structures and all its equipment is underway. ViMill "Machine Protection" was created to respond precisely to this need of Fidia customers who can thus rely on a simple and effective collision avoidance tool that is completely integrated with the numerical control.
- **Axis Control and CNC Functions** - During the first half of 2018, the axis control logic was improved by acting on various aspects with the aim of improving quality, machining times of the parts produced and usability by those who schedule and manage production. Four official software versions have been released and new developments are near release to integrate more consistent improvements aimed at increasing the flexibility, usability and applicability of the FIDIA numerical control also in areas other than milling.
- **HiMonitor** - SW suite designed to monitor the details of operations performed on machines equipped with FIDIA numerical control. It analyses actual machining times, downtime and key events during machining in order to monitor and identify issues and determine the maintenance required to achieve maximum efficiency. HiMonitor is FIDIA's answer to the demand for an integrated machine monitoring

tool capable of improving workshop control and managing maintenance operations more carefully and effectively. It features remote machine status control via phone, tablet and PC.

The first half of 2018 saw the rollout of new releases that improve the usability and remote access of data while in the second half of the year work will be carried out on new developments for more effective monitoring for production purposes as well as the sending of real-time notifications.

HiMonitor is one of the solutions in line with the Industry 4.0 criteria that equip FIDIA numerical controls.

- **CPU-Z** – The project aims to develop a new CPU board (called CPU10) in single board computer format based on a new concept of System On Chip (SoC) that integrates both multiple computing units based on ARM architecture and programmable logic.

  CPU10 represents a change of pace in the design of FIDIA products and is the new architectural solution that meets the growing demands of the market. The solution takes advantage of the high integration present in the new SoC families to provide better performance and products that are flexible/adaptable to the growing demands of the market.

- **nCservice** - The project aims to develop a set of tools and facilities for the maintenance, management and calibration of the machine tool. As already done for the operator interface, the new service tools will be developed with a modern style and will be able to make setup and maintenance operations simple.

  The project will cover different aspects of maintenance thanks to specific tools, such as: parameter oscilloscope, log file analyzer, tools for the characterization and assessment of performance and new features in support of PLC development.

- **SCX - XP SOFT CHARGE UNIT** - New model of Power Supply, it is an object that together with one or more drives of the XPower series will function as a DC bus master that powers the drives of the motors in the machine. Using bus soft charge techniques will avoid abrupt and potentially harmful transients and will substantially reduce the noise and ripple current produced.

In the **high-speed milling systems** sector, the Group has continued along the path pursuing an R&D strategy centred, on the one hand, on broadening its range of machines and on searching cutting-edge solutions for processing new materials and gaining access to new sectors and fields of application and, on the other, on the consolidation of cooperation with industry partners and customers through the co-development of new production technologies.

The main projects that characterised the first half of 2018 were:

- **New HTF (Horizontal Type FIDIA) series –** The success of the GTF series has led us to enrich the portfolio of solutions by introducing the development of a new family of horizontal machines both for the machining of aeronautical parts in aluminium and titanium, and for the machining of style models. The concepts for both models were already presented to the public at the EMO trade fair in Hanover in 2017.

- **Ti/Al HTF horizontal machine pallet changing and loading system** - The HTF series for machining aluminium and titanium aeronautical parts can be equipped with an ad-hoc pallet changing system specially developed to make workpiece loading and unloading operations by the horizontal table simple, efficient and fully automatic. Suitable for medium and large production volumes, the high level of automation means that it is also efficient for small batches.

- **DL321 –** Given the market success of the D321 series, a new solution from the same family is under development in 2018. The design will be taken from the D321 with gantry architecture but the DL321 will be equipped with linear motors and oversized strokes ideal for finishing moulds. The large glass front door will continue to facilitate access to large moulds and equipment, offering excellent visibility during machining. In addition, dynamic performance and overall damping will be improved thanks to a larger base.

- **V4 milling head platform** - The strong and continuous evolution of HSC (high speed cutting) technology requires machine tools with high dynamic performance of both feed axes and tool holders. There is a strong demand for multi-functional machines (multitasking) that are able to be modular and reconfigurable, i.e., to satisfy the complex and articulated problems of machining processes. In particular, the need for the market to carry out roughing and finishing operations using the same machines but equipped with different operating heads and in line with the current state of the art has been identified. The configurability and modularity of the five-axis machining systems is strongly conditioned by the morphology of the C polar axis, which therefore must be able to allow automatic coupling of a series of operating heads that are at the same time powerful, fast and reliable. The aim of the project is therefore to create a polar C axis architecture capable of satisfying the many requests coming from the reference technological sectors by exploiting a mechanical platform for the automatic "in-process" replacement of the milling heads capable of supporting both different types of electro-spindles and mechanical drive.

Finally, in the first half of 2018 the Group continued its activities in the field of collaborative research. The first half of 2018 saw the participation of Fidia as a partner in 2 projects co-financed by the European Commission under Horizon 2020 and in a third project co-financed by the Piedmont Region. Furthermore, Fidia is engaged as coordinator in a fourth project, it too co-financed by the European Commission within Horizon 2020, which started at the end of 2017. A fifth metrology project (co-funded by the European Commission through EURAMET) was acquired at the end of 2017 and the negotiation phase has already been completed and will officially start on 1/08/2018. Finally, a sixth project also co-financed by the European Commission under Horizon 2020 was awarded at the beginning of 2018 and is under negotiation. It is expected to start on 1/10/2018.

FIDIA is also continuing the activity of preparing new project proposals with the objective to support and consolidate the level of product and process innovation that distinguishes the Group.

An overview follows below of the areas of intervention of the 4 main projects funded in June 2018.

- **MMTECH** - New aerospace advanced cost-effective materials and rapid manufacturing technologies: development of technologies and methodologies aimed at reducing time and costs over the whole life cycle of aircraft (design, production, maintenance, overhaul, repair and retrofit).
- **MC-SUITE** - ICT Powered Machining Software Suite: development of a new generation of ICT tools for simulation, optimization and improvement of milling and industrial manufacturing processes. The objective is to reduce the gap between the actual machining of a workpiece and the design of its production process.
- **PROGRAMS** - PROGnostics based Reliability Analysis for Maintenance Scheduling: development of a distributed and cloud-based system for machine prognostics. The objective is to reduce the overall cost of the life cycle of a machine by predicting its wear and tear conditions and by predicting and optimising the scheduling of maintenance operations.
- **HOME - Hierarchical Open Manufacturing Europe:** The HOME project wants to make available to people at the factory, in real-time, all the information needed to govern the processes while they unfold. Using the technologies linked to the Cyber Physical Systems, the Home system will serve as a support to the factory management because it will produce: real-time support for decisions, tools for interfacing with the machines and automation of the operation of the factory subsystems that do not require human intervention.

The results of these projects have significantly contributed to the definition of the Group's main lines of product development in the medium and long term.

INTRA-GROUP RELATIONS AND RELATIONS WITH RELATED PARTIES

Relations among the Group's companies are governed at market conditions, considering the nature of the goods and services provided. These relations are basically of a commercial nature.

The Meeting of the Board of Directors on 11 November 2010 drew up and approved specific internal procedures called “Guidelines and rules of conduct on "extremely significant, atypical or unusual" transactions and with “related parties” (“Guidelines”). These procedures implement both the criteria of the Self-Discipline Code and the Regulation on related parties adopted by Consob Resolution No. 17221 of 12 March 2010 as amended by the following Consob Resolution No. 17389 of 23 June 2010.

These procedures can be found at the company website, www.fidia.com, under corporate governance in the Investor Relations section.

The manufacturing of milling systems, numerical controls, mechanical components and electrical systems is carried out entirely by Fidia S.p.A. following the mergers in previous fiscal years.

The foreign subsidiaries of Fidia, with the sole exception of Shenyang Fidia NC & M Co. Ltd., deal with the sales and servicing of the Group's products in the relevant markets and for this purpose they purchase these in general directly from the Parent Company. Intra-group sales relations are carried out based on transfer pricing applied in a continuous and uniform manner between companies. Supply relations are carried out based on normal market prices.

With regard to the subsidiary Shenyang Fidia NC & M Co. Ltd., it manufactures and sells numerical controls and milling systems designed by Fidia for the Chinese market. The strategic components are purchased from the parent company Fidia S.p.A. at normal market conditions and the remaining parts from local suppliers.

Based on the information received from the Group companies, there were no atypical or unusual transactions as defined by Consob.

Under Article 7.2(c) of the above-mentioned "Guidelines", in the first half of 2018 there were no transactions with related parties that can be defined as having "major relevance."

Pursuant to Consob Resolution No. 15519 of 27 July 2006, supplementary consolidated income statement, consolidated statement of financial position and statement of cash flow schedules were drawn up, which show the impact of related party transactions on the individual financial statement items.

TRENDS IN GROUP COMPANIES

A brief overview of the performance of the Group companies during the first half is provided below. Data refers to the financial statements drawn up according to IAS/IFRS international accounting standards and all companies are consolidated with the line-by-line method.

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEUR	KEUR	KUSD	KEUR	KEUR
Period of reference of balance-sheet information	30.06.2018	30.06.2018	30.06.2018	30.06.2018	30.06.2018
ASSETS					
Non-current assets					
- Property, plant and equipment	9,152	219	1,564	4	335
- Intangible assets	2,127	0	5	0	2
- Investments	12,112	23	0	0	3
- Other non-current financial assets	0				
- Trade receivables and other long-term receivables	735	0	2	7	42
- Pre-paid tax assets	395	16	403	20	42
Total non-current assets	**24,521**	**258**	**1,974**	**31**	**382**
Current assets					
- Inventory	14,778	159	3,586	122	389
- Trade receivables and other current receivables	12,266	2,165	2,247	589	1,037
- Cash and cash equivalents	4,786	761	500	127	724
Total current assets	**31,830**	**3,085**	**6,333**	**839**	**2,150**
Total assets	**56,351**	**3,343**	**8,307**	**869**	**2,532**
LIABILITIES					
Shareholders' equity					
- Share capital	5,123	520	400	300	180
- Other reserves	3,618	927	7,339	110	281
- Profit (loss) of the period	(790)	155	-812	-46	-25
TOTAL SHAREHOLDERS' EQUITY	**7,951**	**1,603**	**6,927**	**364**	**436**
Non-current liabilities					
- Other non-current payables and liabilities	319	0	0	72	0
- Termination benefits	2,223	0	0	0	0
- Deferred tax liabilities	0	0	0	0	38
- Other non-current financial liabilities	75	0	17	0	3
- Non-current financial liabilities	10,385	68	0	0	23
Total non-current liabilities	**13,002**	**68**	**17**	**72**	**64**
Current liabilities					
- Current financial liabilities	8,595	60	0	0	19
- Trade payables and other current payables	25,903	1,576	1,209	433	1,981
- Short-term provisions	901	36	154	0	33
Total current liabilities	**35,399**	**1,672**	**1,363**	**433**	**2,033**
Total liabilities	**56,351**	**3,343**	**8,307**	**869**	**2,532**

	Fidia S.p.A.	Fidia GmbH	Fidia Co.	Fidia S.a.r.l.	Fidia Iberica S.A.
Accounting currency	KEUR	KEUR	KUSD	KEUR	KEUR
Period of reference of balance-sheet information	30.06.2018	30.06.2018	30.06.2018	30.06.2018	30.06.2018
INCOME STATEMENT					
- Net sales	19,328	2,667	2,727	397	1,327
- Other revenues	922	105	175	0	77
Total revenue	**20,252**	**2,773**	**2,901**	**397**	**1,404**
- Changes in inventories of finished goods and Work in Progress	1,014	16	176	31	-5
- Raw materials and consumables	10,199	1,354	1,549	133	815
- Personnel costs	5,760	811	860	202	293
- Other operating costs	6,059	360	825	124	241
- Depreciation, amortization and write-downs	414	49	211	12	75
Operating profit from ordinary business	**(1,166)**	**214**	**(368)**	**(42)**	**(25**
- Non-recurring income/(expenses)		0	-720	0	0
Operating profit/(loss)	**(1,166)**	**214**	**(1,088)**	**(42)**	**(25)**
- Finance revenue (expenses)	377	16	11	0	(1)
Profit (loss) before taxes	**(789)**	**231**	**(1,077)**	**(42)**	**(26)**
Income tax	1	75	(265)	4	(1)
Net profit (loss) for the period	**(790)**	**155**	**(812)**	**(46)**	**(25)**

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd
Accounting currency	KREAIS	KRMB	KRMB
Period of reference of balance-sheet information	30.06.2018	30.06.2018	30.06.2018
<u>**ASSETS**</u>			
Non-current assets			
- Property, plant and equipment	64	172	158
- Intangible assets	4	-	-
- Investments	-	-	-
- Other non-current financial assets	-	-	-
- Trade receivables and other long-term receivables	-	-	-
- Pre-paid tax assets	91	964	111
Total non-current assets	**158**	**1,136**	**269**
Current assets			
- Inventory	816	7,217	17,470
- Trade receivables and other current receivables	2,415	38,411	6,819
- Cash and cash equivalents	2,029	7,310	4,682
Total current assets	**5,261**	**52,938**	**28,972**
Total assets	**5,419**	**54,074**	**29,240**
<u>**LIABILITIES**</u>			
Shareholders' equity			
- Share capital	400	12,814	42,518
- Other reserves	(294	20,932	(19,465)
- Profit (loss) of the period	(599)	798	(1,535)
TOTAL SHAREHOLDERS' EQUITY	**(494)**	**34,545**	**21,517**
Non-current liabilities			
- Other non-current payables and liabilities	-	-	-
- Termination benefits	-	-	-
- Deferred tax liabilities	-	9	-
- Other non-current financial liabilities	-	-	-
- Non-current financial liabilities	-	-	-
Total non-current liabilities	**-**	**9**	**-**
Current liabilities			
- Current financial liabilities	1,373	-	-
- Trade payables and other current payables	4,484	19,520	7,709
- Short-term provisions	55	-	14
Total current liabilities	**5,913**	**19,520**	**7,723**
Total liabilities	**5,419**	**54,074**	**29,240**

	Fidia do Brasil Ltda	Beijing Fidia M.&E. Co. Ltd.	Shenyang Fidia NC&M Company Ltd
Accounting currency	KREAIS	KRMB	KRMB
Period of reference of balance-sheet information	30.06.2018	30.06.2018	30.06.2018
<u>INCOME STATEMENT</u>			
- Net sales	6,561	19,860	6,842
- Other revenues	(16)	260	82
Total revenue	**6,545**	**20,120**	**6,924**
- Changes in inventories of finished goods and Work in Progress	256	-	1,520
- Raw materials and consumables	4,976	8,576	5,415
- Personnel costs	583	5,016	2,385
- Other operating costs	1,332	4,756	2,119
- Depreciation, amortization and write-downs	9	21	49
Operating profit/(loss)	**(98)**	**1,752**	**(1,523)**
- Finance revenue (expenses)	(496)	(419)	(9)
Profit (loss) before taxes	**(594)**	**1,333**	**(1,532)**
Income tax	5	(535)	(3)
Net profit (loss) for the period	**(599)**	**798**	**(1,535)**

SIGNIFICANT EVENTS OCCURRING AFTER THE FIRST HALF AND BUSINESS OUTLOOK FOR THE CURRENT PERIOD

Significant events occurring after the first half

No significant events occurred after the first half.

Business outlook

The second quarter of the period closed with a significantly better result compared to the first.

On the commercial front, the performance achieved was satisfactory in the first half of the year and this positive trend is continuing to date.

Machine deliveries were in line with expectations in the first half of the year, and production planning supports the full-year revenue forecasts.

Based on these assumptions, the Group's management expects an improvement in economic performance in the second half of the year.

During the first half, business operations were conducted to support the Group’s production capacity and the timeliness of deliveries, including through policies based on higher levels of inventory.

The general economic situation is therefore expected to improve during the second half of the year.

Taking into account the above, the company has the necessary resources to support the financial requirements in the following twelve months.

FIDIA GROUP

Condensed consolidated half-year financial statements at 30 June 2018

CONSOLIDATED INCOME STATEMENT (*)

(€thousand)	Notes	1st Half 2018	1st Half 2017
- Net sales	1	24.136	17.329
- Other revenues	2	1.086	1.143
Total revenues		**25.222**	**18.472**
- Changes in inventories of finished goods and W.I.P.		1.336	4.117
- Raw materials and consumables	3	(10.887)	(8.547)
- Personnel costs	4	(8.877)	(9.001)
- Other operating costs	5	(7.489)	(7.197)
- Depreciation, amortization and writedowns	6	(735)	(523)
- Operating profit/(loss) from ordinary business		**(1.431)**	**(2.680)**
- Non-recurring income/(expenses)	7	(595)	0
Operating profit/(loss)		**(2.026)**	**(2.680)**
- Finance revenue/(expenses)	8	(457)	120
- Profit/(loss) before tax		**(2.483)**	**(2.560)**
- Income tax	9	100	(212)
Profit/(loss) for continuing operations		**(2.383)**	**(2.772)**
- Profit/(loss) for discontinued operations		**-**	**-**
Profit (loss) for the period		**(2.383)**	**(2.772)**
Profit/(loss) attributable to:			
- Shareholders of parent company		**(2.289)**	**(2.694)**
- Non-controlling interests		**(94)**	**(78)**

(EUR)			
Earning per share	10	(0,45)	(0,53)
Diluted earnings per ordinary share	10	(0,45)	(0,53)

(*) According to Consob Resolution No. 15519 of July 27, 2006, the effects of relations with related parties on the Consolidated Statement of Comprehensive Income are posted in the relevant Statement of Comprehensive Income Schedule illustrated below and are further defined in Note No. 33.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€thousand)	Notes	1st Half 2018	1st half 2017
Profit (loss) for the period (A)		**(2,383)**	**(2,772)**
Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss:			
Profit/(loss) on cash flow hedges	20	(9)	3
Profit(loss) on translation of financial statements of foreign companies	20	256	(993)
Tax effect pertaining to Other comprehensive profit/(loss) that may be reclassified in profit or loss	20	2	(1)
Total Other comprehensive profit/(loss) that may subsequently be reclassified in profit or loss, net of tax effect (B1)		**249**	**(991)**
Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss:			
Net actuarial gains/(losses) on defined benefit plans	20	24	21
Tax effect pertaining to Other comprehensive profit/(loss) that may not be reclassified in profit or loss	20	(4)	(5)
Total Other comprehensive profit/(loss) that may not subsequently be reclassified in profit or loss, net of tax effect (B2)		**20**	**16**
Total Other comprehensive profit/(loss), net of tax effect (B)=(B1)+(B2)		**269**	**(975)**
Total comprehensive profit/(loss) for the period (A)+(B)		**(2,114)**	**(3,747)**
Total comprehensive profit/(loss) due to:			
Shareholders of the parent company		**(2,038)**	**(3,564)**
Non-controlling interests		**(75)**	**(183)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*)

(€thousand)	Notes	30 June 2018	31 December 2017
ASSETS			
NON-CURRENT ASSETS			
- Property, plant and equipment	11	11.108	11.267
- Intangible assets	12	2.134	1.758
- Investments	13	16	16
- Other non-current receivables and assets	14	786	759
- Pre-paid tax assets	9	1.001	738
TOTAL NON-CURRENT ASSETS		**15.045**	**14.538**
CURRENT ASSETS			
- Inventory	15	20.423	17.846
- Trade receivables	16	13.979	14.339
- Current tax receivables	17	329	298
- Other current receivables and assets	17	1.009	965
- Other current financial receivables	18	-	-
- Cash and cash equivalents	19	8.834	11.520
TOTAL CURRENT ASSETS		**44.573**	**44.967**
TOTAL ASSETS		**59.618**	**59.505**
LIABILITIES			
SHAREHOLDERS' EQUITY			
- Share capital and reserves attributable to shareholders of parent company		9.298	11.419
- Non-controlling interests		1.811	1.905
TOTAL CONSOLIDATED EQUITY	20	**11.109**	**13.324**
NON-CURRENT LIABILITIES			
- Other non-current payables and liabilities	21	391	402
- Termination benefits	22	2.223	2.292
- Deferred tax liabilities	9	39	47
- Provisions for risks and charges	28	17	22
- Other non-current financial liabilities	23	75	66
- Non-current financial liabilities	24	10.476	11.294
TOTAL NON-CURRENT LIABILITIES		**13.220**	**14.123**
CURRENT LIABILITIES			
- Current financial liabilities	24	7.310	6.329
- Other current financial liabilities	25	-	-
- Trade payables	26	13.482	9.928
- Current tax payables	27	1.060	1.743
- Other current payables and liabilities:	27	12.321	12.960
- Provisions for risks and expenses	28	1.116	1.098
TOTAL CURRENT LIABILITIES		**35.288**	**32.058**
TOTAL LIABILITIES		**59.618**	**59.505**

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of related party transactions on the Consolidated Statement of Financial Position are posted in the relevant schedule of Statement of Financial Position illustrated below and are further defined in Note No. 33.

CONSOLIDATED STATEMENT OF CASH FLOW (*)

(€thousand)	1st Half 2018	1st half 2017
A) Cash and cash equivalents at beginning of period	**11.273**	**8.440**
B) Cash from/(used in) operating activities during the period		
- Profit/(loss) of Group and NCIs	(2.383)	(2.772)
- Depreciation, amortization and write-downs of tangible fixed assets	563	425
- Net loss (gain) on disposal of tangible assets	(9)	0
- Net change in provision for employee severance pay	(69)	(48)
- Net change in provisions for risks and charges	13	(455)
- Net change (assets) liabilities for (pre-paid) deferred taxes	(271)	72
Net change in working capital:		
- Receivables	258	5.538
- inventory	(2.577)	(3.030)
- payables (**)	2.220	862
	(2.255)	**592**
C) Cash from/(used in) investing activities		
- Investments in		
property, plant and equipment	(259)	(1.547)
intangible fixed assets	(487)	(274)
- Proceeds from the sale of:		
property, plant and equipment	13	9
non-current financial assets		
	(733)	**(1.812)**
D) Cash from/(used in) financing activities		
- Net change in loans (***)	(1.672)	2.986
- Dividends paid		
- Other changes in capital and reserves	(69)	(83)
- Net change in other current and non-current financial assets and liabilities	8	(220)
	(1.733)	**2.682**
Currency translation differences	200	(770)
E) Net change in cash and cash equivalents	**(4.521)**	**692**
F) Cash and cash equivalents at end of period	**6.752**	**9.132**
Breakdown of cash and cash equivalents:		
Cash and cash equivalents	8.834	9.642
Overdrawn bank accounts	(2.082)	(510)
	6.752	**9.132**

(*) According to Consob Resolution No. 15519 of 27 July 2006, the effects of relations with related parties on the Consolidated Cash Flow Statement are posted in the relevant Cash Flow Statement Schedule illustrated below.

(**) of which €59 thousand in taxes paid
(***) of which €181 thousand in interest paid

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(€thousand)	Share capital	Own shares	Capital reserves	Retained earnings	Cash flow hedge reserve	Translation reserve	Reserve for actuarial profit/loss	Other reserves	Result for the period	Total Group Shareholders' Equity	Non-controlling interests	Total Shareholders' Equity
Balance at 1 January 2017	**5,123**	**(45)**	**1,240**	**5,269**	**(15)**	**2,713**	**(95)**	**213**	**2,462**	**16,867**	**2,071**	**18,938**
Allocation of profit				2,462					(2,462)	-	-	-
Distribution of dividends				(1,023)						(1,023)	-	(1,023)
Comprehensive result for the period	-	-	-	-	2	(888)	16	-	(2,694)	(3,564)	(183)	(3,747)
Other changes	-	-	-	6	-	-	-	-	-	6	-	6
Balance at 30 June 2017	**5,123**	**(45)**	**1,240**	**6,714**	**(13)**	**1,825**	**(79)**	**213**	**(2,694)**	**12,286**	**1,888**	**14,174**
Balance at 31 December 2017	**5,123**	**(45)**	**1,240**	**6,706**	**(46)**	**1,421**	**(127)**	**213**	**(3,066)**	**11,419**	**1,905**	**13,324**
Impact of adopting IFRS15				(19)						(19)		(19)
Balance at 1 January 2018	**5,123**	**(45)**	**1,240**	**6,687**	**(46)**	**1,421**	**(127)**	**213**	**(3,066)**	**11,400**	**1,905**	**13,305**
Allocation of profit				(3,066)					3,066		-	-
Distribution of dividends											(19)	(19)
Comprehensive result for the period	-				(7)	237	20		(2,289)	(2,039)	(75)	(2,114)
Other changes	-			(63)						(63)		(63)
Balance at 30 June 2018	**5,123**	**(45)**	**1,240**	**3,558**	**(53)**	**1,658**	**(107)**	**213**	**(2,289)**	**9,298**	**1,811**	**11,109**

CONSOLIDATED INCOME STATEMENT

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	1st Half 2018	of which related parties	1st half 2017	of which related parties
- Net sales	1	24.136		17.329	
- Other revenues	2	1.086		1.143	
Total revenues		**25.222**		**18.472**	
- Changes in inventories of finished goods and W.I.P.		1.336		4.117	
- Raw materials and consumables	3	(10.887)		(8.547)	
- Personnel costs	4	(8.877)	(422)	(9.001)	(468)
- Other operating costs	5	(7.489)	(82)	(7.197)	(81)
- Depreciation, amortization and writedowns	6	(735)		(523)	
- Operating profit/(loss) from ordinary business		**(1.431)**		**(2.680)**	
- Non-recurring income/(expenses)	7	(595)		0	
Operating profit/(loss)		**(2.026)**		**(2.680)**	
- Finance revenue/(expenses)	8	(457)		120	
- Profit/(loss) before tax		**(2.483)**		**(2.560)**	
- Income tax	9	100		(212)	
Profit/(loss) for continuing operations		**(2.383)**		**(2.772)**	
- Profit/(loss) for discontinued operations		**-**		**-**	
Profit (loss) for the period		**(2.383)**		**(2.772)**	
Profit/(loss) attributable to:					
- Shareholders of parent company		**(2.289)**		**(2.694)**	
- Non-controlling interests		**(94)**		**(78)**	

(EUR)

Earning per share	10	(0,45)		(0,53)	
Diluted earnings per ordinary share	10	(0,45)		(0,53)	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	Notes	30 June 2018	Of which related parties	31 December 2017	Of which related parties
ASSETS					
NON-CURRENT ASSETS					
- Property, plant and equipment	11	11.108		11.267	
- Intangible assets	12	2.134		1.758	
- Investments	13	16		16	
- Other non-current receivables and assets	14	786		759	
- Pre-paid tax assets	9	1.001		738	
TOTAL NON-CURRENT ASSETS		**15.045**		**14.538**	
CURRENT ASSETS					
- Inventory	15	20.423		17.846	
- Trade receivables	16	13.979	-	14.339	
- Current tax receivables	17	329		298	
- Other current receivables and assets	17	1.009	-	965	3
- Other current financial receivables	18	-		-	
- Cash and cash equivalents	19	8.834		11.520	
TOTAL CURRENT ASSETS		**44.573**		**44.967**	
TOTAL ASSETS		**59.618**		**59.505**	
LIABILITIES					
SHAREHOLDERS' EQUITY					
- Share capital and reserves attributable to shareholders of parent company		9.298		11.419	
- Non-controlling interests		1.811		1.905	
TOTAL CONSOLIDATED EQUITY	20	**11.109**		**13.324**	
NON-CURRENT LIABILITIES					
- Other non-current payables and liabilities	21	391		402	
- Termination benefits	22	2.223		2.292	
- Deferred tax liabilities	9	39		47	
- Provisions for risks and expenses	28	17		22	
- Other non-current financial liabilities	23	75		66	
- Non-current financial liabilities	24	10.476		11.294	
TOTAL NON-CURRENT LIABILITIES		**13.220**		**14.123**	
CURRENT LIABILITIES					
- Current financial liabilities	24	7.310		6.329	
- Other current financial liabilities	25	-		-	
- Trade payables	26	13.482	2	9.928	2
- Current tax payables	27	1.060		1.743	
- Other current payables and liabilities:	27	12.321	122	12.960	155
- Provisions for risks and expenses	28	1.116		1.098	
TOTAL CURRENT LIABILITIES		**35.288**		**32.058**	
TOTAL LIABILITIES		**59.618**		**59.505**	

CONSOLIDATED STATEMENT OF CASH FLOWS

pursuant to CONSOB Resolution No. 15519 of 27 July 2006

(€thousand)	1st Half 2018	of which related parties	1st half 2017	of which related parties
A) Cash and cash equivalents at beginning of period	**11.273**		**8.440**	
B) Cash from/(used in) operating activities during the period				
- Profit/(loss) of Group and NCIs	(2.383)		(2.772)	
- Depreciation, amortization and write-downs of tangible fixed assets	563		425	
- Net losses (gains) on transfers of tangible fixed assets	(9)		0	
- Net change in provision for employee severance pay	(69)		(48)	
- Net change in provisions for risks and charges	13		(455)	
- Net change (assets) liabilities for (pre-paid) deferred taxes	(271)		72	
Net change in working capital:				
- Receivables	258	3	5.538	6
- inventory	(2.577)		(3.030)	
- payables	2.220	(33)	862	(148)
	(2.255)		**592**	
C) Cash from/(used in) investing activities				
- Investments in				
property, plant and equipment	(259)		(1.547)	
intangible fixed assets	(487)		(274)	
- Proceeds from the sale of:				
property, plant and equipment	13		9	
non-current financial assets				
	(733)		**(1.812)**	
D) Cash from/(used in) financing activities				
- Net change in loans	(1.672)		2.986	
- Dividends paid			0	
- Change in capital and reserves	(69)		(83)	
- Net change in other current and non-current financial assets and liabilities	8		(220)	
	(1.733)		**2.682**	
Currency translation differences	200		(770)	
E) Net change in cash and cash equivalents	**(4.521)**		**692**	
F) Cash and cash equivalents at end of period	**6.752**		**9.132**	
Breakdown of cash and cash equivalents:				
Cash and cash equivalents	8.834		9.642	
Overdrawn bank accounts	(2.082)		(510)	
	6.752		**9.132**	

(*) of which €59 thousand in taxes paid
(**) of which €181 thousand in interest paid

Notes

SIGNIFICANT ACCOUNTING STANDARDS

These Condensed Half-Year Consolidated Financial Statements at 30 June 2018 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and adopted by the European Union. The designation "IFRS" also includes all currently valid International Accounting Standards ("IAS"), as well as all interpretations of the International Accounting Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"). These Half-Year Consolidated Financial Statements have been prepared in accordance with IAS 34 – Interim Financial Reporting, applying the same accounting standards used in the preparation of the Consolidated Financial Statements at 31 December 2017, except for the adoption of the new standards and amendments effective from 1 January 2018. The Group has not early adopted any new standard, interpretation or amendment published but not yet in force.
The preparation of the interim financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the interim financial statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of this condensed Half-Year Report, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change. For a more detailed description of the most significant valuation processes for the Group, reference should be made to the section "Use of estimates" in the consolidated financial statements at 31 December 2017. It should also be noted that certain valuation processes, in particular the more complex ones, such as the determination of any impairment losses on non-current assets, are carried out in full only when the annual financial statements are drawn up, when all the information that may be necessary is available, except in cases where there are indications of impairment that require an immediate assessment of any impairment losses. The Group carries out activities that historically show changes in total sales during the year and usually generate higher revenues in the second half than in the first half of the year. Taxes have been determined on the basis of the best estimate of the best tax rate estimate expected for the whole financial year by each company included in the scope of consolidation. The Group is exposed to financial risks associated with its operations: credit risk, liquidity risk, market risk (mainly foreign exchange and interest rate risks). These Condensed Half-Year Consolidated Financial Statements do not include all the information and explanatory notes on financial risk management required in the preparation of the annual financial statements. For a detailed description of this information, refer to the consolidated financial statements of the Fidia Group at 31 December 2017, section of the Notes entitled "Risk Management", as well as to Note 31 of the Notes to the Financial Statements, entitled "Information on financial risks."

Financial Statements

The Group presents the statement of comprehensive income by nature of expenditure, which is deemed more representative compared to so-called presentation by function. The form chosen complies with the internal reporting and business management methods.
Within said statement of comprehensive income by nature, under the profit/(loss), a specific distinction has been made between profit/(loss) of ordinary business and those charges and earnings that are the result of non-recurrent transactions in ordinary business management, such as the restructuring expenses and any other atypical revenues/(charges), as these can be treated like the former. It is deemed that this allows for a better measurement of the actual performance of the normal business management, it being understood that any atypical expenses and earnings are specified in detail The definition of atypical adopted by the Group differs from the one set by Consob Notice of 28 July 2006, by which atypical and/or unusual transactions are all those transactions whose

significance/relevance, nature of the counterparts, subject-matter of the transaction, transfer pricing method and timing of the event (near year-end) can give rise to doubts on: correctness/completeness of information posted, conflict of interests, safeguard of company equity, safeguard of minority interests. With reference to the statement of financial position, the "non-current and current" format of presentation has been adopted according to the provisions of IAS 1. The cash flow statement was drawn up by applying the indirect method. Finally, please be noted that with reference to Consob Resolution n° 15519 of July 27, 2006 on financial statements, supplementary schedules for the statement of comprehensive income, statement of financial position and statement of cash flows were added in order to underscore significant relations with related parties and not to impair the overall readability of the financial statements.

Accounting principles, amendments and interpretations adopted from 1 January 2018

Pursuant to IAS 8 - *Accounting Policies, Changes in Accounting Estimates and Errors,* the nature and impact of each change are indicated and briefly illustrated below:

IFRS 9 – Financial instruments

In July 2014, the IASB issued the final version of IFRS 9 – Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects relating to the project on the accounting of financial instruments: classification and valuation, impairment and hedge accounting. IFRS 9 is effective for reporting periods beginning on or after 1 January 2018; early application is permitted. Except for hedge accounting, retrospective application of the standard is required, but it is not mandatory to provide comparative disclosure. As regards hedge accounting, the standard is generally applied prospectively, with some limited exceptions.

In particular:

a) Classification and measurement
The Group has not identified significant impacts on its financial statements and shareholders' equity as a result of the application of the classification and measurement requirements set out in IFRS 9. Trade receivables are held for the purpose of collecting the cash flows relating to the collection of principal and interest at contractual due dates. The Group has analysed the characteristics of the contractual cash flows of these instruments and concluded that they comply with the criteria for valuation at amortised cost in accordance with IFRS 9. Therefore, there was no need to reclassify these financial instruments.

b) Impairment
IFRS 9 requires the Group to record losses on expected receivables on all its portfolio bonds, loans and trade receivables, with reference to either a 12-month period or the entire contractual term of the instrument ("lifetime expected loss"). The Group has applied the simplified approach and will therefore record expected losses on all trade receivables based on their remaining contractual life.

c) Hedge accounting
The Group has established that all existing hedging relationships that are currently designated as effective hedges will continue to qualify for hedge accounting in accordance with IFRS 9. Since IFRS 9 does not change the general principle according to which an entity accounts for effective hedging relationships, the application of the requirements of IFRS 9 for the purpose of defining hedges has not had significant impacts on the Group's financial statements.

IFRS 15 - Revenue from Contracts with Customers
IFRS 15 was issued in May 2014 and amended in April 2016 and introduces a new five-step model that applies to revenues from customer contracts. IFRS 15 provides for the recognition of revenues

for an amount that reflects the consideration that an entity expects for the transfer of goods or services to the customer.
The new standard supersedes all previous requirements in the IFRSs relating to revenue recognition. The standard is effective for reporting periods beginning on 1 January 2018, with full retrospective or modified application.
The Group adopted the new standard from the mandatory date of adoption, using the modified method. This method consists in accounting for the cumulative effect of the initial application of the new standard on opening initial equity, without restating comparative data.
In its contracts with customers, the Group generally provides warranties for repairs of a general nature and also provides extended warranties. Accordingly, warranties required by law will be regarded in the application of IFRS 15 as insurance-type warranties that will continue to be accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, consistently with the current practice. Extended warranties, which provide customers with an additional service to insurance-type warranties, should be considered, with the introduction of the new IFRS 15, as separate services to which a portion of the transaction price should be allocated.

The following is a summary of the effects of the adoption of the new standard on the opening balances at 1 January 2018

Amount in €thousand	Published 01/01/2018	Effects of adoption IFRS 15	Restated 01/01/2018
Non-current assets	14,538	7	14,545
Current assets	44,967		44,967
Total Assets	**59,505**	**7**	**59,512**
Shareholders' equity	13,324	(19)	13,305
Non-current liabilities	14,123	0	14,123
Current liabilities	32,058	26	32,084
Total liabilities	**59,505**	**7**	**59,512**

Amendments to IFRS 2 - Classification and measurement of share-based payments
The IASB has issued amendments to IFRS 2 - *Share-based Payment* that address three main areas: the effects of a vesting condition on the measurement of a cash-settled share-based payment transaction; the classification of a cash-settled share-based payment transaction net of withholding taxes; and accounting if a change in the terms and conditions of a share-based payment transaction changes its classification from cash-settled to cash-settled with equity instruments.
These amendments had no impact on the Group consolidated financial statements.

Amendments to IAS 40 - Investment Property
The amendments clarify when an entity should transfer property, including property under construction or development, to or from Investment Property.
These amendments had no impact on the Group consolidated financial statements.

IFRIC 22 - *Foreign Currency Transactions and Advance Consideration issued*
The interpretation clarifies that, in defining the spot exchange rate to be used for the initial recognition of the related asset, expense or revenue upon derecognition of a non-monetary asset or a non-monetary liability related to advances on consideration, the transaction date is the date on which the entity initially recognises the non-monetary asset or non-monetary liability related to advances on consideration.
These amendments had no impact on the Group consolidated financial statements.

Improvements to IFRSs (2014-2016 Cycle)
These improvements include amendments to IFRS 1 - First-time Adoption of IFRS and IAS 28 - Investments in Associates and Joint Ventures: The Group does not expect any effect on its consolidated financial statements.

Accounting standards, amendments and interpretations not yet effective and not adopted in advance

The following are the standards and interpretations which, at the date of preparation of the half-year report, had already been issued but were not yet in force. The Company will adopt these principles when they enter into force.

• "IFRS 16 - Leases", applicable from 1 January 2019 with the complete or simplified retrospective approach described above with reference to IFRS 15. IFRS 16 replaces "IAS 17 - Leases" and the related interpretations "IFRIC 4 - Determining Whether an Arrangement Contains a Lease", "SIC 15 - Operating Leases - Incentives", "SIC 27 - Evaluating the Substance of Transactions in the Legal Form of a Lease". From the lessee's point of view, IFRS 16 requires all leases, regardless of whether they are operating or finance leases, to be recorded in the balance sheet as a liability, represented by the present value of future lease payments, against the recognition under assets of a right to use the asset leased. Leasing contracts lasting 12 month or less and leases of low-value assets may be excluded from the application of IFRS 16. The Group is evaluating the impact that the new standard will have on the accounting treatment of its lease contracts. At the moment it is expected that the adoption of this standard will not have a significant impact on its financial statements, in the absence of operating leases for significant amounts.

Accounting standards and interpretations issued by the IASB and not yet endorsed by the European Union

• Amendments to IAS 28 – Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, whose application is deferred indefinitely.

• IFRS 17 - Insurance Contracts. In May 2017, the IASB issued IFRS 17 - Insurance Contracts, a new comprehensive standard for insurance contracts that covers recognition and measurement, presentation and disclosure. When effective, IFRS 17 will replace IFRS 4 - Insurance Contracts which was issued in 2005. IFRS 17 will be in force for reporting periods beginning on or after 1 January 2021 and will require the presentation of comparative balances.
This standard does not apply to the Group.

• IFRIC 23 - Uncertainties over Income Tax Treatments. The Interpretation defines the accounting treatment of income taxes when the tax treatment involves uncertainties that have an effect on the application of IAS 12. An entity shall determine whether it considers any uncertain tax treatment separately or together with other (one or more) uncertain tax treatment(s). The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019, but some transitional facilities are available.
The Group will apply the interpretation on the date it becomes effective. The Group does not expect any significant impact on its consolidated financial statements.

• Improvements to IFRSs (2015-2017 Cycle)
This document supplements and partially amends the existing “IFRS 3 Business combination”, “IFRS 11 Joint Arrangements”, “IAS 12 Income Taxes” and “IAS 23 Borrowing costs disclosure of interests in other entities”. These amendments are applicable from 1 January 2019.

• “IAS 19 - Employee Benefits”. The revision of the standard (effective from 1 January 2019) clarifies how an entity shall account for the modification, reduction or extinction of a defined benefit plan. It is now mandatory that current service cost and net interest for the period after recalculation be determined using the assumptions used for the recalculation.
The Group will apply the interpretation on the date it becomes effective. The Group does not expect any significant impact on its consolidated financial statements.

Scope of consolidation

The scope of consolidation has not changed in the first half of 2018 in comparison to the Consolidated Financial Statements at 31 December 2017. The companies included in the scope of consolidation, compared with those resulting at the end of 2017 and at the end of the same period of last year, are listed below:

Name / Registered office	Curren cy	Share capital	Equity ownership at 30/6/2018	Equity ownership at 31/12/2017	Equity ownership at 30/6/2017
Fidia SpA, S. Mauro T.se - Italy	EUR	5,123,000	100%	100%	100%
Fidia Gmbh, Dreiech - Germany	EUR	520,000	100%	100%	100%
Fidia Co, Rochester Hills (USA)	USD	400,000	100%	100%	100%
Fidia Sarl, Emerainville – France	EUR	300,000	100%	100%	100%
Fidia Iberica S.A., Zamudio - Spain	EUR	180,300	99.993%	99.993%	99.993%
Fidia do Brasil Ltda, Sao Paulo – Brazil	Reals	400,843	99.75%	99.75%	99.75%
Beijing Fidia M&E Co Ltd., Beijing - China	USD	1,500,000	96%	96%	96%
Shenyang Fidia NC & Machine Company Ltd., Shenyang – China	Rmb	42,517,648	51%	51%	51%
OOO Fidia, Moscow – Russian Federation	Rouble	3,599,790	100%	100%	100%

There was no change in the consolidation area compared to the consolidated financial statements at 31 December 2017.

OTHER INFORMATION

The condensed consolidated half-year financial statements at 30 June 2018 were approved by the Board of Directors on 06 September 2018, which authorized their publication on the same date.

COMPOSITION AND MAIN CHANGES

INCOME STATEMENT

1. NET SALES

The breakdown by segment of net revenues from third parties (net of intragroup items) is shown in the following table:

(€thousand)	1st Half 2018	%	1st Half 2017	%	% Chg
Numerical controls, drives and software	1,310	5.4%	1,691	9.8%	-19.7%
High-speed milling systems	16,690	69.1%	9,652	55.7%	74.7%
After-sales service	6,136	25.4%	5,986	34.5%	-1.2%
Grand total	**24,136**	**100%**	**17,329**	**100%**	**39.3%**

2. OTHER REVENUES AND INCOME

Other revenues and earnings in the first half of 2018 were equal to €1,086 thousand (€1,143 thousand in the same period of 2017). This figure includes the other revenues from ordinary activity, but that cannot be included in the typical sale of goods and services.

This item includes:

- release of the warranty, bad debts and/or any accruals in excess of the risk to be covered (€251 thousand versus €468 thousand at 30 June 2017);
- increases in tangible assets built on a time and materials basis and the capitalization of product development costs (€489 thousand versus €283 thousand at 30 June 2017);
- recovery of costs recharged to third parties, contingent assets and other sundry revenues (€170 thousand; €252 thousand in the same period of last year).
- research grants from the EU and Italian Ministry of Education, University and Research (MIUR) as part of the funded research activity carried out by the parent company Fidia S.p.A. (€167 thousand, €134 thousand at 30 June 2017);
- capital gains from disposals of tangible assets (€9 thousand versus €6 thousand at 30 June 2017).

3. RAW MATERIALS AND OTHER CONSUMABLES

These are:

(€thousand)	1st Half 2018	1st half 2017
Production materials	10.733	7.165
Service materials	819	495
Consumables	60	47
Equipment and software	43	27
Packaging	230	86
Others	63	72
Change in inventory raw materials and consumables	(1.061)	655
Total	10.887	8.547

In the first half of 2018, raw materials and other consumables, amounting to €10,887 thousand, increased YOY (€8,547 thousand) due to higher revenues realised.

4. PERSONNEL COSTS

Personnel costs show a decrease of €124 thousand compared to the first half of 2018 (-1.38%) and amounted to €8,877 thousand against €9,001 thousand in the corresponding period of 2017. These amounts are detailed below:

(€thousand)	1st Half 2018	1st half 2017
Wages and salaries	6.724	6.780
Social security charges	1.830	1.861
TFR	219	229
Other personnel expenses	104	131
Total	8.877	9.001

Changes in the headcount during the first half of 2018, broken down by category, are shown below:

	30/6/2017	31/12/2017	Inbound	Outbound	Change	30/6/2018	Period average
Executives	8	8	-	-	2	10	9,0
Clerks and cadres	279	274	5	(6)	(2)	271	273,5
Workers	51	50	3	-		53	51,0
Total	338	332	8	(6)	0	334	333,5

5. OTHER OPERATING COSTS

Other operating costs are detailed as follows:

(€thousand)	1st Half 2018	1st half 2017
Contractors	1.289	1.241
Bonuses and commissions	222	155
Production costs	2.458	2.297
Commercial expenses	434	537
Research & Development	268	202
Overheads and administrative expenses	2.818	2.765
Total	7.489	7.197

Other operating costs amounted to €7,489 thousand and are therefore up by approximately €292 thousand compared to the first half of 2017. The trend is mainly due to greater production expenses and overheads.

6. DEPRECIATION, AMORTIZATION AND WRITEDOWNS

(€thousand)	1st Half 2018	1st half 2017
Amortization of property, plant and equipment	452	321
Amortization of intangible fixed assets	111	104
Bad debts provision	172	99
Total	735	523

During the first half, approximately €172 thousand of trade receivables were written down by the parent company and its subsidiaries.

Amortisation and depreciation of tangible and intangible fixed assets increased by approximately €138 thousand, in relation to the start in the second half of 2017 of the amortisation of two development projects and the new building in Forlì.

7. NON-RECURRING REVENUE AND CHARGES

In the first half of 2018 there were non-recurring charges of €595 thousand due to the loss recorded by the US subsidiary Fidia Co, which was the victim of an IT fraud.

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8. FINANCE REVENUE (EXPENSES)

Finance revenue and expenses consist of:

(€thousand)	1st Half 2018	1st half 2017
Finance revenue	30	20
Borrowing costs	(270)	(130)
Net profit (loss) on derivatives	1	84
Profit (loss) from foreign currency transactions	(218)	146
Total	(457)	120

Finance revenue consists of:

(€thousand)	1st Half 2018	1st half 2017
Interests received from banks	4	5
Interests and commercial discounts	1	0
Other financial revenue	26	16
Total	30	20

Finance expenses consist of:

(€thousand)	1st Half 2018	1st half 2017
Interests paid on short-term borrowings from banks	(15)	(9)
Interests paid on medium/long-term borrowings from banks	(70)	(88)
Interests paid on payables to leasing companies	(142)	(1)
Borrowing costs on termination benefits	(10)	(6)
Other borrowing costs	(33)	(26)
Total	(270)	(130)

Interest expense on leases changed significantly due to the entry into service of the new building located in Forlì.

Net profit (loss) on derivatives consist of:

(€thousand)	1st Half 2018	1st half 2017
Loss on derivatives due to fair value adjustment		
- fair value adjustment on IRS and IRC contracts	0	(1)
- fair value adjustment on forward contracts	0	0
Profit on derivatives due to fair value adjustment		
- fair value adjustment on IRS and IRC contracts	1	1
- fair value adjustment on forward contracts	0	84
Total	1	84

Income and expenses from derivative instruments include the fair value measurement of five interest rate swap contracts entered into to hedge the risk of fluctuations in interest expense flows relating to five medium/long-term loans.

Profit (loss) on foreign currency transactions consists of:

(€thousand)	1st Half 2018	1st half 2017
Realised exchange gains	139	83
Unrealised exchange gains	14	259
Realised exchange losses	(341)	(121)
Unrealised exchange losses	(30)	(75)
Total	(218)	146

9. INCOME TAX

The following table shows the taxes allocated in the Consolidated Income Statement:

(€thousand)	1st half 2018	1st half 2017
Current taxes		
IRES (Italian Corporate Income Tax)	-	-
IRAP (Italian Regional Tax on Production Activities)	-	-
Income tax of foreign subsidiaries	280	167
Total current taxes	280	167
Pre-paid taxes absorbed	-	102
Prepaid taxes	(379)	(55)
Deferred taxes	3	1
Deferred taxes absorbed	(4)	(3)
Total	(100)	212

Current taxes at 30 June 2018 were zero for the parent company, which reported a tax loss for both IRES and IRAP purposes, and €280 thousand for foreign subsidiaries.

At 30 June 2018, the net balance between prepaid taxes and deferred tax liabilities incurred by the individual consolidated companies is made up as follows:

(€thousand)	30/06/2018	31/12/2017
Deferred tax assets	1.001	738
Deferred tax liabilities	(39)	(47)
Total	962	691

Deferred tax assets amounted to €1,001 thousand and are up
compared to year-end. For these assets, mainly generated by temporary differences in assets and liabilities, tax losses and consolidation adjustments, recovery on the basis of the budget and forecasts for the following years is considered probable.

10. EARNING PER SHARE

At 30 June 2018, the share capital of Fidia S.p.A. consisted of 5,123,000 ordinary shares with the same rights at the time of distribution of profits and is unchanged with respect to paragraph 20 of the Consolidated Financial Statements at 31 December 2017.

The calculation of the earnings per share is based on the following data:

		1st half 2018	1st half 2017
Net earnings pertaining to Group	€thousand	(2.289)	(2.694)
Profit/(loss) of ordinary shares	€thousand	(2.289)	(2.694)
Number of circulating ordinary shares	number	5.113.000	5.113.000
Base earnings per share	EUR	(0,45)	(0,53)
Diluted earnings per share	EUR	(0,45)	(0,53)

No difference has been recorded between the base earnings per share and diluted result per share as Fidia S.p.A. does not have any equity instruments with dilutive effects.

STATEMENT OF FINANCIAL POSITION

11. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes in property, plant and equipment during the first half of 2018:

(€thousand)	**Land and buildings**	**Total plant, machinery and equipment**	**Other assets**	**Assets under construction and advances**	**Total**
Net carrying amount at 31/12/2017	**9.933**	**571**	**693**	**70**	**11.267**
Additions	1	53	206		**260**
Reclassifications/transfers		70		(70)	**-**
Net value of divestments		(4)	(1)		**- 5**
Depreciation	(226)	(99)	(126)		**- 451**
(Write-downs)/Write-backs					**-**
Currency gain/(loss)	30	4	3		**37**
Net carrying amount at 30/6/2018	**9.738**	**595**	**775**	**-**	**11.108**

Capital expenditure made in the first half of 2018 amounted to approximately €260 thousand. The value of land and buildings includes an industrial building that became ready for use in 2017 and has been depreciated from that date.

At 30 June 2018, there were no assets encumbered by guarantees or other constraints that could limit their full availability.

12. INTANGIBLE FIXED ASSETS

The table below shows the changes in intangible fixed assets during the first half of 2017:

(€thousand)	Development costs	Licenses	Software	Assets under development	Total
Net carrying amount at 31/12/2017	**532**	**37**	**90**	**1.099**	**1.758**
Increases		1	9	476	**486**
Reclassifications/transfers					**-**
Depreciation	(64)	(13)	(33)		**(110)**
Currency gain/(loss)					**0**
Closing net carrying amount at 30/6/2018	**468**	**25**	**66**	**1.574**	**2.134**

Increases in the first half of 2018 amounted to €486 thousand and mainly refer to development costs incurred and capitalized (€476 thousand) not yet amortised as not yet completed and therefore the projects to which they refer have not started yet to produce the related benefits.

All costs of research (both basic and applied) are instead charged to profit or loss in the year they are incurred.

Based on the growth in order acquisition and the recovery forecasts expected in the second half of the year, no impairment indicators have been identified in relation to the value of development costs.

13. EQUITY INVESTMENTS

This item, amounting to €16 thousand and unchanged compared to 31 December 2017, is made up of investments in associated companies valued at equity and investments in other companies valued at cost.

14. OTHER NON-CURRENT RECEIVABLES AND ASSETS

The other non-current receivables and assets are detailed below:

(€thousand)	Balance 30/06/2018	Balance 31/12/2017
Grants for research projects	119	57
Security deposits	23	27
Non-recurring trade receivables	41	82
Receivables for foreign VAT	15	7
Withholding tax on foreign income	580	582
Multi-year pre-paid expenses	2	3
Other non-current receivables	6	1
Total	786	759

The increase of €27 thousand compared to the balance at 31 December 2017 is due to normal transactions related to the business.

Withholding tax receivables on foreign income consist of receivables claimed by Fidia S.p.A. with tax authorities for final withholding tax on wages for technical training activities carried out by the parent company on behalf of the subsidiary Shenyang Fidia NC&M Co. Ltd. in prior fiscal years. These receivables are recoverable through the realisation of taxable income such as to allow an excess of Italian tax over foreign tax within a maximum of eight years.

15. INVENTORY

The breakdown of the item is illustrated in the following table:

(€thousand)	Balance 30/06/2018	Balance 31/12/2017
Raw materials	11.091	9.947
Provisions for raw materials depreciation	(2.090)	(2.032)
	9.001	7.915
Semi-finished products and work in progress	7.538	6.302
Finished products and goods for resale	4.227	4.035
Provisions for depreciation finished products	(538)	(492)
	3.689	3.543
Advances	195	86
Net value	20.423	17.846

Inventory at the end of the first half of the year was approximately €2,577 thousand higher than at 31 December 2017. The increase is mainly due to the higher stock of work in progress resulting from a different state of production progress compared to the end of last year; on the other hand, the stock of raw materials also increased, in line with production needs.

The provisions for depreciation equivalent to €2,628 thousand (€2,524 thousand at 31 December 2017) were reported to hedge the non-utilisation of some components in period under consideration; these phenomena result, in particular, from the need to ensure customers that spare parts are available for servicing even beyond the period of ordinary marketability of the components.

Below follows the detail of the changes in the provisions for raw materials and finished products depreciation in the first half of the year:

(€thousand)	Balance 31 December 2017	Accrual/ (utlization)	Exchange rate effect	Balance 30 June 2018
Provisions for raw materials depreciation	2.032	53	5	2.090
Provisions for depreciation finished products	492	46		538
Total	2.524	99	5	2.628

16. TRADE RECEIVABLES

(€thousand)	Balance 30/06/2018	Balance 31/12/2017
Trade receivables from others	14.661	14.990
Provision for bad debts	(682)	(651)
Receivables from associates	-	-
Total	13.979	14.339

Gross trade receivables decreased by approximately €329 thousand compared to 31 December 2017; this change is mainly due to the different trend of revenues in the two periods under comparison.

The bad debt provisions, amounting to €682 thousand (€651 thousand at 31 December 2017) were allocated to cover the risk of default related to doubtful and overdue receivables.

The changes in the bad debt provision (€ thousand) are illustrated below:

Balance at 31 December 2017	651
Accrual	172
Utilizations/write-backs	(145)
Currency gain/(loss)	4
Balance at 30 June 2018	682

17. TAX RECEIVABLES AND OTHER CURRENT RECEIVABLES AND ASSETS

(€thousand)	Balance 30/06/2018	Balance 31/12/2017
Tax receivables for VAT	31	8
Receivables for income tax and IRAP	269	268
Receivables for short-term foreign VAT	12	12
Others	17	9
Total current tax assets	329	297
Research grants	49	-
Sundry prepayments	342	346
Pre-paid expenses	22	21
Receivables from employees	184	151
Advances from suppliers	273	294
Others	139	153
Total other current receivables	1.009	965
Total	1.338	1.262

The change in Other pre-paid expenses is mainly due to costs relating to future commercial exposures, amounting to approximately €342 thousand.

There are no receivables due beyond five years.

18. OTHER CURRENT FINANCIAL ASSETS

This item totalled €0 thousand as at 31 December 2017.

19. CASH AND CASH EQUIVALENTS

The overall amount of cash of the Group amounted to €8,834 thousand (€11,520 thousand at 31 December 2017) and consisted of temporary cash in bank deposits pending future use. It is deemed that their carrying amount is aligned to the fair value at the reporting date.

The related credit risk is not material too, because the Group operates with primary national and international banks.

20. SHAREHOLDERS' EQUITY

Consolidated shareholders' equity amounts to €11,109 thousand, down €2,215 thousand on 31 December 2017 due to the combined effect of the loss for the period (-€2,383 thousand), the recognition of actuarial gains on staff termination benefits (+€20 thousand, net of the tax effect estimated at approximately €4 thousand), the fair value valuation of hedging derivatives set aside in the cash flow hedge reserve (-€7 thousand, net of the tax effect of approximately €2 thousand), the effect of exchange rate fluctuations on the translation of the financial statements of subsidiaries denominated in currencies other than the euro (€256 thousand), the effect of the retroactive restatement in shareholders' equity of the adoption of the new IFRS15 standard (-€19 thousand net of the tax effect valued at approximately €7 thousand) and other minor changes (-€82 thousand).

Tax effect pertaining to Other profit/(loss) consisted of:

(€thousand)	Balance at 30 June 2018			Balance at 30 June 2017		
	Gross value	Tax (expense)/benefit	Net value	Gross value	Tax (expense)/benefit	Net value
Profit/(loss) on cash flow hedge instruments	(9)	2	(7)	3	(1)	2
Profit/(loss) on translation of financial statements of foreign companies	256		256	(993)		(993)
Actuarial gains/(losses) on defined benefit plans	24	(4)	20	21	(5)	16
Total other profit/(loss)	**271**	**(2)**	**269**	**(969)**	**(6)**	**(975)**

At 30 June 2018, the fully paid share capital was unchanged compared to 31 December 2017 and consisted of 5,123,000 ordinary shares with a nominal value of €1 each, totalling €5,123,000.

For more complete disclosure on the Company's share capital, see Note 20 to the consolidated financial statements at 31 December 2017.

Own shares consisted of 10,000 ordinary shares issued by Fidia S.p.A. for a value of €45 thousand (unchanged from 31 December 2017).

21. OTHER NON-CURRENT PAYABLES AND LIABILITIES

This item, amounting to €391 thousand (€402 thousand at 31 December 2017) consists of advances for research projects (€266 thousand), i.e., advances received from the European Union and the Ministry of University and Research (MUR) for approved contributions for financed projects, which are expected to be concluded after the end of the next financial year, as well as of medium/long-term payables to employees of the French subsidiary Fidia Sarl (€72 thousand) and other minor items.

22. EMPLOYEE SEVERANCE INDEMNITIES

Employee severance indemnities reflects the residual obligation of Fidia S.p.A., the only Italian company in the Group, relating to the indemnity paid to employees and settled upon termination of employment. Under certain conditions, employees may receive a partial advance on those benefits while they are still in the Company's employ. It is an unfunded defined benefit plan.

Changes in the termination benefits are illustrated in the table below (€ thousand):

Balance at 31 December 2017	2.292
Amount accrued and allocated in period	223
Benefits paid out in period	(67)
Amount transferred to State Fund and complementary pension scheme	(215)
Substitute tax	(4)
Borrowing costs on termination benefits	10
Accounting of actuarial losses	(16)
Balance at 30 June 2018	2.223

The interest on charges relating to the defined benefits plans for employees are comprised under finance costs, hence leading to an increase in finance costs for the period in the amount of about €10 thousand.

Termination benefits are calculated based on the following actuarial assumptions:

	At 30 June 2018	At 31 December 2017
Discount rate (*)	-0.22%	-0.26%
Future inflation rate	1.5%	1.5%
Frequency of request for advances	3.0%	3.0%
Relative frequency of resignation/dismissal cadres, employees, and workers	3.0%	3.0%
Relative frequency of resignations/dismissals managers	5.0%	5.0%

The discount rate on future benefits is determined, according to the provisions of IAS 19, at market yields; The structure in interest rates used refers to the EUR Composite rates having an AA rating. The rate used was the one with an average financial duration equal to the average financial duration of benefits for the communities under consideration.

23. OTHER NON-CURRENT FINANCIAL LIABILITIES

This item, which is equal to €75 thousand (66 thousand at 31 December 2017) includes the fair value of interest rate swap contracts entered into to hedge (cash flow hedge) the risk of variability in interest expense flows on four medium/long-term loans and on one property lease contract entered into by the parent company Fidia S.p.A.

24. CURRENT AND NON-CURRENT FINANCIAL LIABILITIES

Financial liabilities amounted to €17,786 thousand as per the schedule.

(€thousand)	30/06/2018	31/12/2017
Overdrawn bank accounts and short-term advances	2.082	247
Accrued liabilities on loans	48	44
Loan BNL "MINIMUTUO" (short term)	375	1.124
Loan - BPM (part medium/long term and part short term)	1.283	1.490
Loan - MPS (short term)	-	599
Loan - ISP "3.500" (part medium/long term and part short term)	1.394	1.741
Loan - BNL "2.500" (part medium/long term and part short term)	1.307	1.567
Loan - ISP "3.000" (part medium/long term and part short term)	2.125	2.470
Loan - UNICREDIT (part medium/long term and part short term)	757	942
Loan - MPS (part medium/long term and part short term)	624	874
Loan - UNICREDIT SUPERCASH ROTATIVO	793	809
Loan - ISP "1.500" (part medium/long term and part short term)	1.364	-
Autodesk financing	-	11
Lease - Volkswagen Bank	65	61
Lease - Skoda Bank	63	44
Lease - Banco Popular Espanol	42	23
Real estate lease - Mediocredito Italiano	5.464	5.578
Total	17.786	17.623

(€thousand)	30/06/2018	31/12/2017
Overdrawn bank accounts and short-term advances	2.082	247
Accrued liabilities on loans	48	44
Loan BNL "MINIMUTUO" (short term)	375	1.124
Loan - BPM (part medium/long term and part short term)	1.283	1.490
Loan - MPS (short term)	-	599
Loan - ISP "3.500" (part medium/long term and part short term)	1.394	1.741
Loan - BNL "2.500" (part medium/long term and part short term)	1.307	1.567
Loan - ISP "3.000" (part medium/long term and part short term)	2.125	2.470
Loan - UNICREDIT (part medium/long term and part short term)	757	942
Loan - MPS (part medium/long term and part short term)	624	874
Loan - UNICREDIT SUPERCASH ROTATIVO	793	809
Loan - ISP "1.500" (part medium/long term and part short term)	1.364	-
Autodesk financing	-	11
Lease - Volkswagen Bank	65	61
Lease - Skoda Bank	63	44
Lease - Banco Popular Espanol	42	23
Real estate lease - Mediocredito Italiano	5.464	5.578
Total	17.786	17.623

The current loans have the following characteristics:

Loan - ISP “3.500” (part medium/long term and part short term)

Original amount	€3,500 thousand
Residual amount	€1,394 thousand
Date of loan	20/04/2015
Term	Loan due date 01/04/2020
Grace Period	Not provided
Repayment	20 quarterly instalments (01/07/2015 to 01/04/2020)
Interest rate	3-month Euribor, base 360 + 2.00% spread

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

Loan - BNL “2.500” (part medium/long term and part short term)

Original amount	€2,500 thousand
Residual amount	€1,307 thousand
Date of loan	28/01/2016
Term	Loan due date 31/12/2020
Grace period	1 quarterly instalment (31/03/2016)
Repayment	19 quarterly instalments (30/06/2016 to 31/12/2020)
Interest rate	3-month Euribor, base 360 + 1.35% spread

This loan is guaranteed at 50% by Sace S.p.A. In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

Loan - ISP “3.000” (part medium/long term and part short term)

Original amount	€3,000 thousand
Residual amount	€2,125 thousand
Date of loan	17/05/2016
Term	Loan due date 01/04/2021
Grace period	3 quarterly instalments at 01/07/2016, 01/10/2016 and 01/01/2017
Repayment	17 quarterly instalments (01/04/2017 to 01/04/2021)
Interest rate	3-month Euribor, base 360 + 1.5% spread

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

Loan - UNICREDIT (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€757 thousand
Date of loan	16/05/2016
Term	Loan due date 31/05/2020
Grace Period	Not provided
Repayment	16 quarterly instalments (31/08/2016 to 31/05/2020)
Interest rate	3-month Euribor, base 360 + 1.35% spread

Loan - MPS “1,500” (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€624 thousand
Date of loan	24/08/2016
Term	Loan due date 30/09/2019
Grace period	1 monthly instalment at 30/09/2016
Repayment	12 quarterly instalments (31/12/2016 to 30/09/2019)
Interest rate	6-month Euribor, base 360 + 1.10% spread

Loan - BNL “MINIMUTUO” (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€375 thousand
Date of loan	01/03/2017
Term	Loan due date 01/09/2018
Grace period	2 quarterly instalments at 01/06/2017 and 01/09/2017
Repayment	4 quarterly instalments (01/12/2017 to 01/09/2018)
Interest rate	Fixed rate equal to 0.90%.

Loan - BPM (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€1,283 thousand
Date of loan	27/04/2017
Term	Loan due date 30/06/2021
Grace period	3 quarterly instalments at 30/06/2017, 30/09/2017 and 31/12/2017
Repayment	14 quarterly instalments (31/03/2018 to 30/06/2021)
Interest rate	3-month Euribor, base 360 + 1.40% spread

In order to hedge the interest rate risk, an interest rate swap hedging contract has been entered into.

Loan - UNICREDIT “MUTUO PLAFOND SUPERCASH ROTATIVO”

Original ceiling	€810 thousand
Residual ceiling	€793 thousand
Date authorised	26/04/2017
Term	Loan due dates 16/07/2018, 06/08/2018 and 06/10/2018
Repayment	Every four months
Interest rate	Fixed rate equal to 1.50%.

Loan - ISP “1.500” (part medium/long term and part short term)

Original amount	€1,500 thousand
Residual amount	€1,364 thousand
Date of loan	31/01/2018
Term	Loan due date 31/01/2021
Grace Period	Not provided
Repayment	12 quarterly instalments (30/04/2018 to 31/01/2021)
Interest rate	3-month Euribor, base 360 + 1.2% spread

Lease No. 1 - Skoda Bank Germany

Original amount	€37 thousand
Residual amount	€8 thousand
Date of loan	15/05/2015
Term	Loan due date 15/04/2019
Repayment	48 monthly instalments (15/4/2014 to 15/04/2019)
Interest rate	1.97%

Lease No. 3 - Skoda Bank Germany

Original amount	€29 thousand
Residual amount	€23 thousand
Date of loan	9/12/2017
Term	Loan due date 09/11/2020
Repayment	36 monthly instalments (9/12/2017 to 9/11/2020)
Interest rate	1.97%

Lease No. 4 - Skoda Bank Germany

Original amount	€35 thousand
Residual amount	€32 thousand
Date of loan	15/03/2018
Term	Loan due date 14/03/2021
Repayment	36 monthly instalments (15/03/2018 to 14/03/2021)
Interest rate	1.99%

Lease - Volkswagen Bank Germany No. 2

Original amount	€38 thousand
Residual amount	€1 thousand
Date of loan	11/5/2015
Term	Loan due date 15/8/2018
Repayment	36 monthly instalments (15/8/2015 to 15/8/2018)
Interest rate	2.90%

Lease - Volkswagen Bank Germany No. 3

Original amount	€34 thousand
Residual amount	€7 thousand
Date of loan	20/3/2015
Term	Loan due date 15/8/2018
Repayment	36 monthly instalments (15/8/2015 to 15/8/2018)
Interest rate	2.90%

Lease No. 4 - Volkswagen Bank Germany

Original amount	€33 thousand
Residual amount	€6 thousand
Date of loan	15/3/2016
Term	Loan due date 15/2/2019
Repayment	36 monthly instalments (15/8/2015 to 15/8/2018)
Interest rate	2.90%

Lease No. 5 - Volkswagen Bank Germany

Original amount	€34 thousand
Residual amount	€26 thousand
Date of loan	12/12/2017
Term	Loan due date 9/11/2020
Repayment	36 monthly instalments (13/12/2017 to 9/11/2020)
Interest rate	1.97%

Lease No. 6 - Volkswagen Bank Germany

Original amount	€28 thousand
Residual amount	€25 thousand
Date of loan	15/6/2018
Term	Loan due date 15/5/2021
Repayment	36 monthly instalments (15/6/2018 to 15/5/2021)
Interest rate	1.99%

Lease no. 1 - Banco Popular Espanol

Original amount	€48 thousand
Residual amount	€17 thousand
Date of loan	27/11/2015
Term	Loan due date 27/10/2019
Repayment	48 monthly instalments (27/11/2015 to 27/10/2019)
Interest rate	2.79%

Lease no. 2 - Banco Popular Espanol

Original amount	€32 thousand
Residual amount	€25 thousand
Date of loan	10/01/2018
Term	Loan due date 10/12/2021
Repayment	36 monthly instalments (10/1/2018 to 10/12/2021)
Interest rate	2.98%

Lease - Mediocredito Italiano Line 1

Original amount	€5,598 thousand
Major instalment	€1,260 thousand
Residual amount	€3,853 thousand
Date of loan	25/6/2014
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	3.48%
Set redemption	€558 thousand

Lease - Mediocredito Italiano Line 2

Original amount	€1,000 thousand
Major instalment	€400 thousand
Residual amount	€572 thousand
Date of loan	28/5/2015
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	2.42%
Set redemption	€100 thousand

Lease - Mediocredito Italiano Line 3

Original amount	€1,802 thousand
Major instalment	€722 thousand
Residual amount	€1,039 thousand
Date of loan	30/11/2017
Term	179 monthly instalments (01/12/2017 to 01/10/2032)
Current leasing rate	2.73%
Set redemption	€179 thousand

It is deemed that the book value of fixed and floating rate financial liabilities at the reporting date is a reasonable estimate of their fair value.

25. OTHER CURRENT FINANCIAL LIABILITIES

This item totalled €0 thousand as at 31 December 2017.

26. TRADE PAYABLES

(€thousand)	Balance 30/06/2018	Balance 31/12/2017
Payables to other suppliers	13.480	9.800
Payables to subsidiaries	2	2
Total trade payables	13.482	9.802

Trade payables, amounting to €13,482 thousand at 30 June 2018, increased by €3,680 thousand compared to 31 December 2017 due to greater purchase volumes.

27. TAX LIABILITIES AND OTHER CURRENT PAYABLES AND LIABILITIES

(€thousand)	Balance 30/06/2018	Balance 31/12/2017
Payables to employees	2.002	1.455
Social security payables	731	796
Advance from customers	6.844	9.232
Payables for emoluments	118	154
Payables to State Fund and other funds	35	93
Payables for dividends to be distributed	100	39
Accrued trade payables	1.387	151
Sundry accruals and deferrals	447	545
Sundry payables to the SMTCL company	-	139
Advances for research projects	-	-
Miscellaneous payables	657	357
Total other payables	12.321	12.961
Withholding tax	214	337
Tax payables for income tax and IRAP	209	412
Tax payables for VAT	577	878
Other short-term tax payables	60	116
Total tax payables	1.060	1.743
Total	13.381	14.704

Payables to personnel refer mainly to accrued holiday pay and deferred payment of wages and salaries; the change compared to 31 December 2017 is due to the accrual during the year of indemnities (typically 13th month's salary) which are paid at the end of the period.
Down payments from customers include advances from customers for orders yet to be processed and for sales of milling systems already delivered but still in course of acceptance, which according to IFRS 15 – Revenue, cannot be stated in the revenue.
Deferred income from sales includes the adoption of IFRS 15 for a value of 124 thousand euros.

28. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges amounted to €1,133 thousand, of which €1,116 thousand (€1,098 thousand at 31 December 2017) for the short term, and €17 thousand for the long term (€22 thousand at 31 December 2017). This item refers to

- €1,080 thousand for the warranty provision, which represents the best estimate of the commitments undertaken by the Group by contract, by law or custom, in relation to charges related to the warranty on its products for the period of one year starting from their sale to the end customer,
- €53 thousand to a provision set aside by the subsidiary Fidia Co and parent company for legal risks;

(€thousand)	Balance at 31 December 2017	Adoption of IFRS 15	Balance at 1 January 2018	Accrual	Utilisations /write-backs	Exchange rate effect	Balance at 30 June 2018
Warranty provision	22		22	3	(8)		17
Total other provisions for non-current risks and expenses	22		22	3	(8)	0	17
Provisions for tax disputes	0			0			-
Provisions for legal risks	52		52	0		1	53
Warranty provision	1,046	(98)	948	226	(112)	1	1,063
Total short-term provisions	1,098		1,000	226	(112)	2	1,116
Provisions for risks and charges	**1,120**		**1,022**	**229**	**(120)**	**2**	**1,133**

29. GUARANTEES GRANTED AND OTHER CONTINGENT LIABILITIES

Sureties issued on behalf of others

At 30 June 2018, sureties issued on behalf to third parties totalled €2,715 thousand (€788 thousand at 30 June 2017).

This item consists primarily of performance bonds for commercial transactions with the Parent Company's foreign customers for advances received on future supplies and for the correct fulfilment of contractual obligations during the warranty period.

Contingent liabilities

On 8 March 2018, the company was the subject of a tax audit, covering the years from 2013 to 2016. In July 2018, the company, through its legal counsel, submitted a defensive statement on the findings of the tax audit report, believing that it had valid reasons to justify its actions. When preparing the condensed half-year financial statements, taking into account the status of the assessment and on the basis of the above statement, no risk assessments or estimates of provisions were made in relation to the findings included in the tax audit report.

Although the Fidia Group is subject to various types of risks (product, legal and tax liability) at 30 June 2018, it is not aware of any other facts, other than those covered by specific provisions present in these financial statements, which could generate foreseeable or estimated potential liabilities and consequently does not deem it necessary to make any further provisions.

30. OTHER INFORMATION

The following table shows the exchange rates used to translate the values of companies outside of the euro area into euro:

Currency	1st Half 2018		At 31 December 2017		1st half 2017	
	Average	At 30 June	Average	At 30 June	Average	At 30 June
Dollar - USA	1.21035	1.1658	1.1297	1.1993	1.08302	1.1412
Real - Brazil	4.14146	4.4876	3.6054	3.9729	3.44311	3.76
RMB - China	7.70859	7.717	7.629	7.8044	7.44483	7.7385
Rouble - Russia	71.96008	73.1582	65.9383	69.392	62.80568	67.5449

31. SEGMENT REPORTING

Within the Fidia Group, three main areas of business were identified: i) high-speed milling systems (HSM), ii) numerical controls, drives, and software (CNC) and iii) after-sales services.

Below follow the consolidated economic results broken down by sector at 30 June 2018 and 30 June 2017.

Progressive data at June (€thousand)	**CNC** **2018**	**%**	**HSM** **2018**	**%**	**SERVICE** **2018**	**%**	**N/A** **2018**	**TOTAL** **2018**
Revenues	**1.310**	**100,0%**	**16.690**	**100,0%**	**6.136**	**100,0%**	**-**	**24.136**
Cross-sector revenues	967	*73,8%*		*0,0%*		*0,0%*		
Total reclassified revenues	**2.277**	**173,8%**	**16.690**	**100,0%**	**6.136**	**100,0%**		
Changes in inventories of finished goods and W.I.P.	79	6,1%	1.085	6,5%	171	2,8%	**-**	1.335
Raw materials and consumables	(733)	-56,0%	(9.298)	-55,7%	(790)	-12,9%	(66)	(10.887)
Cross-sector expenses	117	**8,9%**	(1.576)	**-9,4%**	453	**7,4%**	39	
Commissions, transport and contractors	(301)	-23,0%	(1.779)	-10,7%	(240)	-3,9%	(13)	(2.334)
Sales margin	**1.439**	109,8%	**5.122**	30,7%	**5.729**	93,4%	**(39)**	**12.251**
Other operating revenue	396	30,2%	332	2,0%	247	4,0%	112	1.086
Other operating costs	(211)	-16,1%	(1.329)	-8,0%	(1.227)	-20,0%	(2.984)	(5.751)
Personnel costs	(1.373)	-104,8%	(2.885)	-17,3%	(2.812)	-45,8%	(1.808)	(8.877)
Depreciation, amortization and writedowns	(77)	-5,8%	(322)	-1,9%	(140)	-2,3%	(196)	(735)
Operating profit/(loss)	**175**	**13,3%**	**918**	**5,5%**	**1.797**	**29,3%**	**(4.916)**	**(2.026)**

Progressive data at June (€thousand)	CNC 2017	%	HSM 2017	%	SERVICE 2017	%	N/A 2017	TOTAL 2017
Revenues	**1.691**	**129,1%**	**9.652**	**57,8%**	**5.986**	**97,6%**	**-**	**17.329**
Cross-sector revenues	470	*21,8%*	94	*0,6%*	-	*0,0%*		
Total reclassified revenues	**2.161**	**164,9%**	**9.746**	**58,4%**	**5.986**	**97,6%**		
Changes in inventories of finished goods and W.I.P.	262	20,0%	3.832	23,0%	23	0,4%	**-**	4.117
Raw materials and consumables	(376)	-28,7%	(7.513)	-45,0%	(596)	-9,7%	(62)	(8.547)
Cross-sector expenses	132	**10,1%**	(1.065)	**-6,4%**	356	**5,8%**	14	
Commissions, transport and contractors	(299)	-22,8%	(1.452)	-8,7%	(248)	-4,0%	(11)	(2.010)
Sales margin	**1.880**	143,5%	**3.548**	21,3%	**5.521**	90,0%	**(59)**	**10.888**
Other operating revenue	296	22,6%	513	3,1%	147	2,4%	187	1.143
Other operating costs	(206)	-15,7%	(1.200)	-7,2%	(1.282)	-20,9%	(2.499)	(5.188)
Personnel costs	(1.387)	-105,9%	(2.937)	-17,6%	(2.756)	-44,9%	(1.921)	(9.001)
Depreciation, amortization and writedowns	(68)	-5,2%	(181)	-1,1%	(86)	-1,4%	(188)	(523)
Operating profit/(loss)	**515**	**39,3%**	**(257)**	**-1,5%**	**1.544**	**25,2%**	**(4.480)**	**(2.680)**

The last columns show those items that cannot be classified; these items are mainly general and administrative costs and costs for advertising, promotion and trade fairs incurred for all three business lines.

Inter-segment revenues consist of numerical controls, electrical control panels, drives and systems transferred from the electronics segment to the milling systems segment and of mechanical components and milling heads provided to the electronics segment for specific applications.

Segment assets consist of operating assets that are used by the segment in the performance of its operations and are directly attributable or reasonably allocable to the segment. These assets do not include income tax assets.

Segment liabilities consist of operating liabilities that arise from the performance of the segment's operations and are directly attributable or reasonably allocable to the segment. These liabilities do not include income tax liabilities.

Below follow the consolidated statements of financial position by segment at 30 June 2018 and 31 December 2017.

At 30 June 2018	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	52	8.881	181	1.994	11.108
Intangible fixed assets	1.233	809	-	92	2.134
Equity investments	-	-	-	16	16
Other non-current financial assets	-	-	-	-	-
Other non-current receivables and assets	60	114	-	612	786
Deferred tax assets	-	-	-	1.001	1.001
Total non-current assets	**1.345**	**9.804**	**181**	**3.716**	**15.045**
Inventory	2.155	11.888	6.380	-	20.423
Trade receivables and other receivables	897	9.999	3.488	603	14.987
Current taxes receivable	-	-		329	329
Other current financial assets	-	-		-	-
Cash and cash equivalents	-	-		8.834	8.834
Total current assets	**3.052**	**21.887**	**9.868**	**9.766**	**44.574**
Total assets	**4.397**	**31.692**	**10.048**	**13.482**	**59.618**
Other non-current payables and liabilities	196	103	48	43	391
Employee severance indemnities	545	1.152	227	301	2.223
Long-term provisions	-	-	17	-	17
Deferred tax liabilities	-	-	-	39	39
Other non-current financial liabilities	-	-	-	75	75
Non-current financial liabilities	-	-	-	10.476	10.476
Total non-current liabilities	**740**	**1.255**	**293**	**10.932**	**13.220**
Current financial liabilities	-	-	-	7.310	7.310
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	2.282	19.132	1.455	2.934	25.803
Current taxes payable	-	-	-	1.060	1.060
Short-term provisions	75	826	215	-	1.116
Total current liabilities	**2.357**	**19.958**	**1.670**	**11.304**	**35.288**
Total liabilities	**3.097**	**21.213**	**1.963**	**22.237**	**48.509**
Shareholders' equity	**-**	**-**	**-**	**11.109**	**11.109**
Total liabilities	**3.097**	**21.213**	**1.963**	**33.346**	**59.618**

At 31 December 2017	CNC	HSM	SERVICE	Non allocable	Total
(€thousand)					
Property, plant and equipment	63	9.127	153	1.924	11.266
Intangible fixed assets	1.012	618	-	128	1.758
Equity investments	-	-	-	16	16
Other non-current financial assets	-	-	-	-	-
Other non-current receivables and assets	28	123	-	607	759
Deferred tax assets	-	-	-	738	738
Total non-current assets	**1.104**	**9.869**	**153**	**3.412**	**14.538**
Inventory	1.864	9.940	6.042	-	17.846
Trade receivables and other receivables	1.860	10.243	2.709	492	15.304
Current taxes receivable	-	-		298	298
Other current financial assets	-	-		-	-
Cash and cash equivalents	-	-		11.520	11.520
Total current assets	**3.724**	**20.182**	**8.752**	**12.309**	**44.968**
Total assets	**4.828**	**30.051**	**8.905**	**15.722**	**59.505**
Other non-current payables and liabilities	241	122	33	6	402
Employee severance indemnities	625	1.091	312	264	2.292
Long-term provisions	-	-	22		22
Deferred tax liabilities	-	-	-	47	47
Other non-current financial liabilities	-	-	-	66	66
Non-current financial liabilities	-	-	-	11.294	11.294
Total non-current liabilities	**866**	**1.214**	**366**	**11.676**	**14.123**
Current financial liabilities	-	-	-	6.329	6.329
Other current financial liabilities	-	-	-	-	-
Trade payables and other current payables	1.443	17.698	1.080	2.668	22.889
Current taxes payable	-	-	-	1.743	1.743
Short-term provisions	77	770	251	0	1.098
Total current liabilities	**1.520**	**18.468**	**1.331**	**10.739**	**32.058**
Total liabilities	**2.386**	**19.682**	**1.698**	**22.415**	**46.181**
Shareholders' equity	**-**	**-**	**-**	**13.324**	**13.324**
Total liabilities	**2.386**	**19.682**	**1.698**	**35.739**	**59.505**

32. FAIR VALUE HIERARCHIES

IFRS 13 establishes a fair value hierarchy that classifies the inputs of the valuation techniques adopted to measure fair value into three levels. The fair value hierarchy gives the highest priority to listed (unadjusted) prices in active markets for identical assets or liabilities (Level 1 data) and the lowest priority to non-observable inputs (Level 3 data). In some cases, the data used to measure the fair value of an asset or liability could be classified in different levels of the fair value hierarchy. In such cases, the fair value measurement is classified entirely at the same hierarchy level in which the lowest level input is classified, considering its importance for valuation. The hierarchy levels are:

Level 1 - listed prices recognised on an active market for identical assets or liabilities subject to valuation that the entity can access at the measurement date;
Level 2 - Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
Level 3 – inputs that are not based on observable market data.

At 30 June 2018, the Group held financial liabilities measured at fair value represented by derivative financial instruments to hedge interest rate risk, for an amount of €23 thousand and net financial liabilities at fair value represented by derivative financial instruments to hedge the exchange rate risk, for an amount of €21 thousand, classified within Level 2 of the hierarchical assessment of fair value.

During the first half of 2018, there were no transfers of assets and liabilities from one level to another.

33. RELATED-PARTY TRANSACTIONS

The Group is engaged in transaction with associated companies and other related parties on commercial terms that are normal in the respective markets considering the characteristics of the goods and services involved.

In detail such transactions have been the following:

- professional services for consulting in research projects carried out by the associate Consorzio Prometec;
- compensation for services rendered by Mr. Luca Morfino, an employee of Fidia S.p.A., and Mr. Carlos Maidagan, an employee of Fidia Iberica.
- compensation to the Board of Directors and Board of Auditors.

The impact of said transactions on the single items was stated in the relevant supplementary schedules of the statement of comprehensive income, statement of financial situation and cash flow statement and detailed in the tables below.

Counterparty (€ thousand)	Other operating costs	Personnel costs	Revenues
Compensation Board of Directors	-	321	-
Compensation Board of Statutory Auditors	32	-	-
Other related parties	50	101	-
Total related parties	**82**	**422**	**-**
Total item	7,489	8,877	-
As % of financial statements items	**1.1%**	**4.8%**	**-**

Counterparty (€ thousand)	Trade receivables	Other current receivables	Trade payables	Other current payables
Payables to BoD members of Fidia SpA	-	-	-	41
Payables to members of the Board of Statutory Auditors of Fidia S.p.A.	-	-	-	78
Other related parties	-	-	2	4
Total related parties	**-**	**-**	**2**	**122**
Total item	-	-	13,482	12,321
As % of financial statements items	**-**	**-**	**0.01%**	**0.99%**

34. NET FINANCIAL POSITION

Pursuant to the Consob Communication issued on 28 July 2006 and according to the CESR recommendation dated 10 February 2005 for the consistent implementation of the European Commission's Regulation on Prospectuses, the net financial position of Fidia Group at 30 June 2018 was the following:

	(€thousand)	30/06/2018	31/12/2017
A	Cash	16	14
B	Bank deposits	8.818	11.505
C	Other cash	-	-
D	**Liquidity (A+B+C)**	**8.834**	**11.519**
E	**Current financial receivables**	**-**	**-**
F	Current bank payables	3.249	2.822
G	Current part of non-current bank borrowings	4.061	3.507
H	Other current financial payables	0	0
I	**Current financial debt (F+G+H)**	**7.310**	**6.329**
J	**Net current financial position (receivables)/payables (I-E-D)**	**(1.524)**	**(5.190)**
K	Non-current bank payables	10.476	11.294
L	Bonds issued	-	-
M	Other non-current financial payables	75	66
N	**Non-current financial debt (K+L+M)**	**10.550**	**11.360**
O	**Net financial position (receivable)/payable (J+N)**	**9.026**	**6.170**

35. Significant non-recurring events and transactions

In the first half of 2018, the Group did not undertake any significant non-recurring transactions as defined by Consob Communication of 28 July 2006.

36. Positions or transactions arising from atypical and/or unusual operations

In accordance with the CONSOB Communication dated 28 July 2006, it is hereby stated that no atypical and/or unusual transactions were undertaken during the first half of 2018. As defined by said Communication, atypical and/or unusual transactions are those that, due to their significance, the nature of the counterparts, the object of the transaction, the methods of determination of the price of transfer, and timing (proximity to year-end) may give rise to doubts as to the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of an entity's assets or the protection of minority shareholders.

FIDIA GROUP COMPANIES AT 30 June 2018

In accordance with Consob Regulation 11971 of 14 May 1999, as subsequently amended, a complete list of Group companies and significant investments is provided below.

The list includes companies broken down by type of control and method of consolidation.

The following are also shown for each company: name, registered office, country and share capital stated in original currency. Additionally, the percentage of consolidation and the percentage interest held directly by Fidia S.p.A. is also shown.

ENTITIES CONSOLIDATED ON A LINE-BY-LINE BASIS **Name / Registered office**	**Currency**	**Share capital**	**Size of consolidated investment** **30 June 2018**	**Percentage held by parent company** **30 June 2018**
Parent Company:				
Fidia S.p.A., San Mauro Torinese (TO)	EUR	5.123.000		
Foreign subsidiaries:				
Fidia Gmbh, Dreiech, Germany	EUR	520.000	100%	100%
Fidia Co, Rochester Hills, U.S.A.	USD	400.000	100%	100%
Fidia Sarl, Emerainville, France	EUR	300.000	100%	93,19%
Fidia Iberica S.A., Zamudio, Spain	EUR	180.300	99,993%	99,993%
Fidia do Brasil Ltda, Sao Paulo, Brazil	Reals	400.843	99,75%	99,75%
Beijing Fidia M&E Co Ltd., Beijing, China	USD	1.500.000	96%	96%
Shenyang Fidia NC & Machine Co Ltd, Shenyang, China	Rmb	42.517.648	51%	51%
OOO Fidia, Moscow, Russian Federation	Rouble	3.599.790	100%	100,00%

ENTITIES CONSOLIDATED WITH THE EQUITY METHOD **Name / Registered office**	**Currency**	**Share capital**	**Size of investment**	
			30/06/2018	**31/12/2017**
Consorzio Prometec - Bruzolo di Susa (TO)	EUR	10.329	20%	20%

San Mauro Torinese, 6 September 2018

On behalf of the Board of Directors

The Chairman and CEO

Mr. Giuseppe Morfino